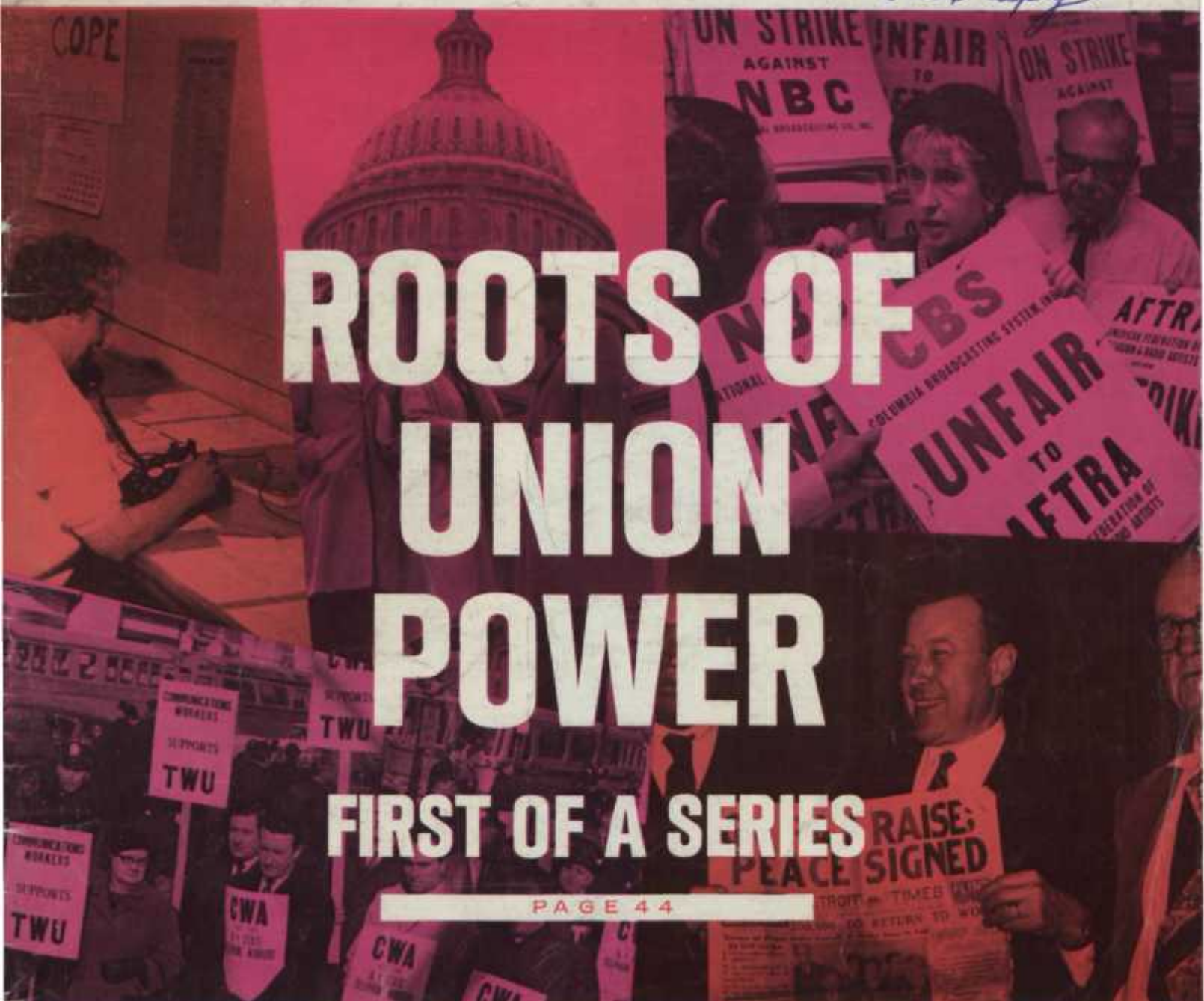


Nation's Business

A USEFUL LOOK AHEAD

AUGUST 1967

Index Copy



ROOTS OF UNION POWER

FIRST OF A SERIES

PAGE 44

Commerce Chief forecasts new era
Lavish welfare schemes ahead
Billion-dollar comeback



Al Corbin came to northwest Florida to build computer peripherals.

His family got a lot in the bargain.



Al Corbin, a savvy, soft-spoken New Yorker, came to Florida's Gulf Coast to build way-out scientific apparatus for space flights.

At 40 he's president of Metric Systems Corp., in Ft. Walton Beach, busy turning out peripheral computer equipment that translates electrical data into terms a computer can comprehend. Also, electronic countdown devices that are accurate to one second in 250 years.

Product price range: \$6,000 to \$833,000.

Al and Lois Corbin live on Cinco Bayou, with four tanned youngsters, only a few steps from their house boat. Smack in the middle of the Miracle Strip's fishing, hunting and water sports paradise... where three regional junior colleges and a brand new state university have sprung up.

At left, the Corbin family at the famed P.G.A. Pensacola Open Golf classic in March.

"Great living!" says Mr. Corbin. "We've all gone Florida. We never want to live anywhere else."

Great country, this Southland. And we of The Southern Company system are proud of the role we play in its continued march—providing abundant low-cost electric *Power for Progress* over a dynamic 120,000-square-mile area.



ATLANTA, GEORGIA
BIRMINGHAM, ALABAMA

Alabama Power Company
Georgia Power Company
Gulf Power Company

Mississippi Power Company
Southern Electric Generating Co.
Southern Services, Inc.

TAX-PAYING • INVESTOR-OWNED



A waiting agent gathers no green

Keep your agents from calling on unlikely prospects.

Urge them to call customers ahead of time for appointments.

They'll be surprised—and you'll be pleased—at the amount of time they save. And the extra calls they can make when they use phone-power.

Let our Communications Consultant show you many other ways your phone can improve your business operations when it's used on a planned basis.



AT&T
and Associated Companies

Nation's Business

August 1967 Vol. 55 No. 8

Published by the Chamber of Commerce of the United States
The national federation of organizations representing
4,750,000 companies and professional and business men
Washington, D.C.

-
- Laird Russell* **7 WASHINGTON: A LOOK AHEAD**
As transportation demands double in next 10 years, new government department will influence how they will be met
- John Costello* **14 EXECUTIVE TRENDS: Getting, keeping good salesmen**
Here's some practical advice from the experts; EDP opens up new field—legal research; will office wreck your home?
- Peter Lisagor* **19 WASHINGTON MOOD: How new laws are conceived**
They may start out as a gleam in a college don's eye, but then they must survive long, White House gestation period
- Dr. Felix Morley* **23 STATE OF THE NATION: When nobody can dominate**
Arab-Israeli war taught an important lesson—that even the super-powers, the U. S. and the USSR, can't run the world
- Alden H. Sykes* **27 RIGHT OR WRONG: Fitness can be a state of mind**
Physical fitness is fine, but what we really need are men who can run the country, not men who can run the mile
- Trowbridge* **30 A new era for business**
Commerce Secretary Trowbridge, in exclusive interview, sees better profits, better Washington-industry relations
- Robert Leland* **34 Lavish welfare schemes ahead**
Welfare strategists map expensive plans that would raise taxes and harm initiative in the name of wiping out poverty
- John Costello* **36 Exclusive survey pinpoints latest white-collar salaries** *AMS.*
Average salaries for 20 key office jobs in the United States and Canada is revealed in new study of 8,700 business firms
- Jeffrey O'Hall* **38 Billion-dollar comeback**
A state's firm commitment to economic development spurs big investment to bring back a once-depressed mining area

Walter Wingo **44 Roots of union power: Part 1**

First of a three-part series examines how labor unions are throwing their weight around and the dire effects it's having

Paul Harley Lutz **50 Why myths about public debt hurt us**

The American people permit our mounting public debt to pyramid only because they don't fully understand its impact

SS&RI **54 Chief trade negotiator tells where we go from here**

William Roth
With the Kennedy Round history, the chief U. S. negotiator of tariff cuts turns to what the future holds for businessmen

R. Allen **58 LESSONS OF LEADERSHIP: Accelerating the jet age**

A conversation with William Allen, who rebuilt Boeing Co. and is propelling America towards supersonic air travel

Jeffrey O'Neill **64 BUSINESS: A LOOK AHEAD**

Congress widens probe of auto insurance; firms use tape to keep salesmen tuned in; route for container ships opened

Sterling Slapay **68 Executives out to pasture find greener fields**

Hundreds of retired American executives are having a grand time abroad—and scoring points for free enterprise besides

Steven C. Brandt **75 Are they really learning the ropes?**

How good is your training program? Here's a way to test it to make sure you're actually getting your money's worth

CF-C-77 **78 How we measure our wealth**

The U. S. financial statements and how you can read them; Part IV of the economic series your employees should read

Jeffrey St. John **83 THE NEW GENERATION: Business isn't selling them**

What college students want businessmen to do is "lay it on the line," not hand out a line, these campus spokesmen say

Tait Trussell **84 A snowball's chance**

Remember last fall, when the Administration froze hiring of new employees to help hold down the bulging budget. . .

Nation's Business is published monthly at 1615 H St. N.W., Washington, D. C. 20006. Subscription rates: United States and possessions \$20.75 for three years; Canadian \$9 a year. Printed in U.S.A. Second class postage paid at Washington, D. C., and at additional mailing offices. © 1967 by Nation's Business—the Chamber of Commerce of the United States. All rights reserved. Nation's Business is available by subscription only. Postmaster: please send form 3579 to 1615 H Street, N.W., Washington, D. C. 20006

Editorial Headquarters—1615 H Street N. W., Washington, D. C. 20006

Advertising Headquarters—711 Third Avenue, New York, N. Y. 10017

Circulation Headquarters—1615 H Street N. W., Washington, D. C. 20006



Editor
Jack Wooldridge

Managing Editor
Tait Trussell

Associate Editors
Jeffrey S. O'Neill
Walter Wingo
John Costello
Robert W. Ireland
Vernon Louviere
Sterling G. Slapay
Wilbur Martin

Contributing Columnists
Felix Morley
Peter Lisagor
Alden H. Sypher
Jeffrey St. John

Art Director
Ralph Patterson

Associates
Harold Baskin
Joseph W. Swanson

Adm. Assistant
Mary W. Davis

Business Manager
William W. Owens

Advertising Director
Herman C. Sturm

Field Sales Manager
Arnold F. Dardwin

Production Manager
W. Lee Hammer

HF
1
N38
V.55
1967

3M '209' Copier tames the wildest originals



This copy was made on a leading electrostatic copier.
Solids fade. Halftones are weak. Lines are weak.



This copy was made on a 3M "209" Automatic Copier.
Solids stay sharp. Halftones clear. Lines distinct.

Both copies shown above were made from the same original by a leading independent testing laboratory.

...yet, as of July 1, you pay less.

**Buying copying machines? You'll like the new lower prices
on the 3M "209" Automatic Copier.**

You get the finest copy fidelity money can buy. We tame the wildest, hardest-to-copy originals. So naturally you can expect the same kind of copy quality on all your business paperwork. From copies of letters to copies of charts to copies of color pages in bound books, the all-electric 3M "209" Copier delivers sharp, clean, dry copies automatically at a touch of a button. Also makes transparencies for overhead projection, copies on card weight or colored stock; it even copies its own copies.



**You get the
greatest dollar value**
any copier can offer. The cost of the 3M "209" Copier is lower whether you buy...or try, then buy. High production levels due to the growing demand for this trouble-free machine make the lower price possible. Volume copy users and central buying offices can also benefit from the new volume rates on supplies. Call your 3M Business Products Center listed in the Yellow Pages. Or mail the coupon below.

3M Company, Dept. DCN-87, St. Paul, Minnesota 55101. Prove it. Show me the difference a 3M "209" Copier can make on all my office copying. And show me how much easier it is to buy.

Name _____ Position _____

Firm _____ Phone _____

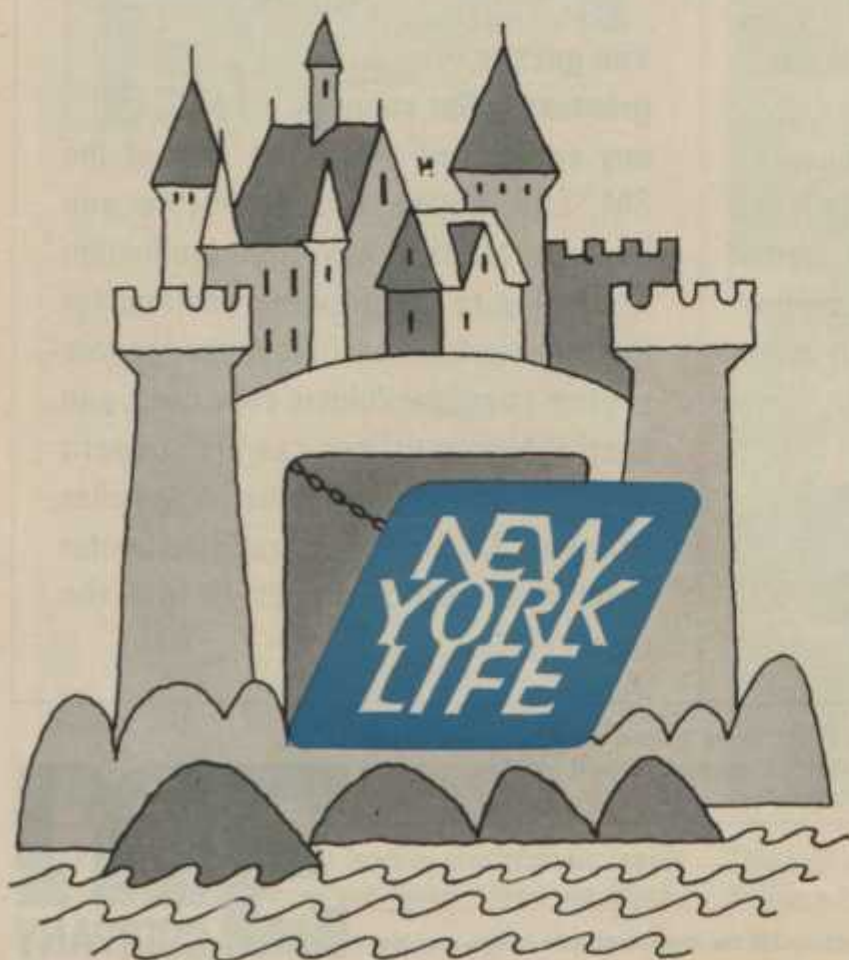
Address _____ City _____

State _____ Zip _____

Look to 3M for imagination in image-making!

3M
COMPANY

We can help you keep outsiders away from your close corporation



How? When your special buy-sell agreement is funded with life insurance from New York Life.

This guarantees the corporation's right to acquire shares held by the deceased, at a fixed, fair price. And we guarantee the cash required for the transaction.

Sounds simple? It is. We're a leader in business insurance—with the experience (121 years plus), financial strength (just check our annual statement), and Agents with know-how (more award winners) to do the job.

If you'd like to know more about protecting your corporate castle, call your New York Life Agent. He'll rally to your aid.

New York Life Insurance Company
51 Madison Ave., New York, N.Y. 10010

Life, Group and Health Insurance,
Annuities, Pension Plans



WASHINGTON: A LOOK AHEAD

"The Department of Transportation wasn't set up to preserve the status quo," drawls lanky, young Assistant Secretary for Policy Development Cecil Mackey, in a massive understatement. And the cost of superchange will be met largely by those whose business is transportation.

Clearly the plans and decisions of this newest of federal departments will send waves and ripples throughout American business and industry.

At the moment, DOT limps along on three wheels. Scores of key positions are still unfilled. Office partitions are still being erected. But the big new Department (90,000 people, nearly \$6 billion budget) is off and rolling.

What's its goal? "To provide a national transportation system to handle all needs safely, economically, efficiently, quickly and with maximum choice and performance," is the way Assistant Secretary Mackey puts it. Another purpose is to help public and private investors decide where to put their chips, as big, balding DOT Secretary Alan Boyd quipped recently.

Does this mean nationalization, government ownership of any mode of transport ever? No. Not for the foreseeable, anyway. Law says it's to be "private enterprise to the maximum extent feasible."

But as long-range thinker Mackey points out, "If we find investment in various modes is not in balance, we'll influence it. We won't preserve any part of the system just to preserve some carrier" that isn't carrying its weight in the whole system.

What will DOT mix into? Everything from highway design to air traffic to navigation to sea rescue to plane crash investigation to safety for everything that runs to mass transit to marine oil pollution to aircraft noise.

How big is the transportation challenge? Demand for facilities will double in 20 years.

Even today we have three million miles of paved streets, 90 million motor vehicles, a 200,000-mile rail system, 25,000 miles of commercially navigable waterways, airliners serving 660 cities. This year, we'll move more than 1.5 trillion ton-miles of freight. Americans themselves will travel a trillion intercity passenger-miles.

Easily we're the most go-go country in history. But besides making us a people on the move, modern transportation reduces costs of goods, opens new markets, increases profits, raises land values, gives customers wider choices.

But we've got problems, DOT officials shake their heads about. Transportation, they say, is sometimes noisy, dirty and risky. Not only that, regulation is patchwork, unions vex carriers and the public and service deteriorates in some areas.

Secretary Boyd tags urban congestion as the biggest, throbbing headache. Urban transportation, as with other knots DOT will try to un-



Secretary Boyd

tie, will be ultraexpensive, will involve new restrictions on people, Boyd predicts.

Moreover, the DOT boss says transportation must now be viewed in new light. We have to recognize it as a "social force."

When highways dislocate people or when Negroes have to travel from city core to outlying plants or offices, for instance, civil rights become entwined in transportation, he says.

Sonic boom of supersonic transport, due to take the sky in '74, will have social impact. New concern with prettying up the highways and byways also has "social" overtones. So

WASHINGTON: A LOOK AHEAD

does how we drive, sail our boats, fly our company planes.

Where social impact ends and economic impact begins, no one knows. But in the oversize problem of moving people and things within a metropolitan area, transportation decisions will affect land use, what's produced and where it is sold, how fast employees can get to work. Union people believe ease of transportation even will become factor in collective bargaining.

Intracity movements also fall under thumb of the Department of Housing and Urban Development. HUD now has nine major research grants out to unearth new concepts, new modes of metropolitan travel.

Auto companies already are hard at work on same problem.

At the same time, DOT is probing far-out as well as more orthodox means of zipping people and goods from city to city. DOT's high-speed ground transportation program involves research into railroad track design, suspension systems, propulsion, controls.

Aim in coming months includes fast rail service along so-called Northeast Corridor, so you can roll from New York to Washington in three hours, even phone your office en route. Also rail ferrying of autos—with you in the car—from Washington to Florida in 12 hours.

Researchers will peer also into such unconventional means of transit as tracked, air-cushioned vehicles operating in tunnels, "multi-modal" vehicles that could shift from water to land, for instance, or even switch kinds of propulsion.

Even an "air-gulper" vehicle that would soar through a tube is under study.

DOT is gazing 20 years ahead to foresee ramifications of new city growth patterns, cargo movements, trends toward leisure time.

Within this time span, Assistant Secretary Mackey predicts every major metropolitan area will have some form of mass transit. Not necessarily subways, but some system for hauling

folks around en masse. By that time, too, you probably won't be allowed to drive your car downtown to work, at least in some of the biggest cities.

Auto execs, however, say you can't deny people's right to drive where they want.

Right now, as well as over the horizon, safety is the electric word in DOT.

The Department runs both the auto safety and federal-state highway safety programs.

A batch of rules for auto manufacturers go into effect in January. Still more federal safety standards will be issued soon, involving tire standards, head rests and requirements for side impact accidents and cushioning inside the car.

DOT spelled out recently what states must meet in the way of highway safety standards to get federal dough.

Standards range from driver exams to better traffic control devices. Goal is to prod states to bolster safety requirements. Only 21 states today require periodic auto inspection, for example.

"We won't feel the need for any gumshoes to sneak around at night to see if the states comply. But we will have inspection teams," Secretary Boyd pointed out when the safety standards were issued.

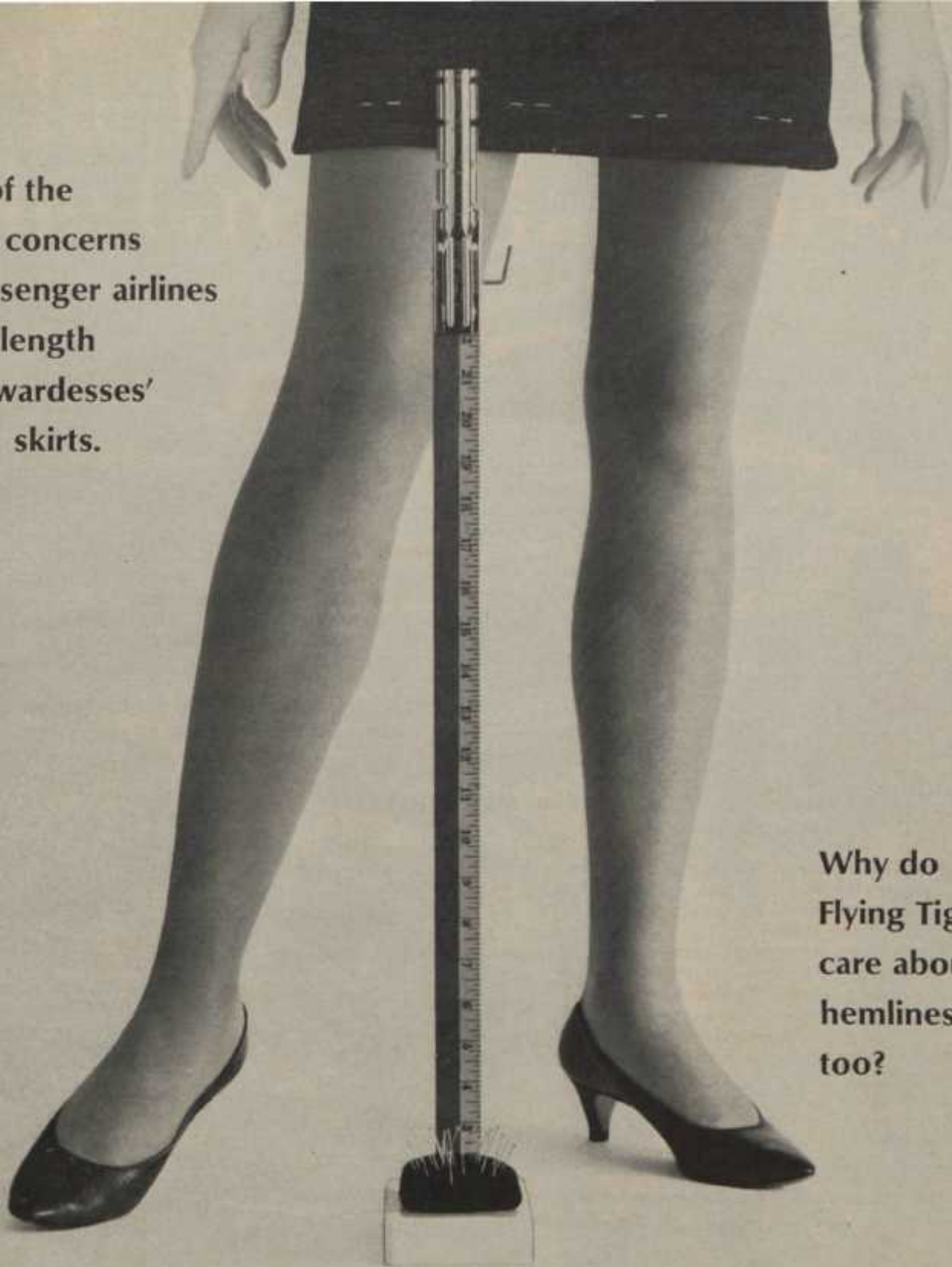
A big future field for safety will be pleasure boats. More than eight million such craft are afloat today, about as many as the number of new cars in a year.

Last year, more than 1,300 people were killed in more than 4,000 boating accidents. That's more than died in all kinds of aviation mishaps and air crashes.

Secretary Boyd has the Coast Guard making a big study now to come up with a safety program.

Assistant Secretary Mackey says, "We've got to find out the full scope of the problem, to know whether it's mainly a matter of boat design or whether it's something to be controlled better with licensing" of yachtsmen.

One of the
major concerns
of passenger airlines
is the length
of stewardesses'
skirts.



Why do
Flying Tigers
care about
hemlines,
too?

Because as hemlines go, so goes the fashion market—overnight! And fashion houses depend on Tigers, the Airfreight Specialist, for overnight distribution from coast to coast. Not just fashion manufacturers, but others as well depend on Tigers for meeting the demands of a hot market. Remember Hula Hoops? It was Tigers who delivered them to meet the sudden national demand. Flower growers turn to Tigers to get

their flowers to market while still fresh. Model changes, new products, news publications—when the demand is hot, the need urgent, Tigers deliver. The conclusion? When you travel as a passenger to Chicago, New York or any other city, choose the airline that puts on the best fashion show. When you're faced with a distribution problem, choose the airline that goes to any lengths to get your products to market on time.

It pays to do business with THE AIRFREIGHT SPECIALIST—



FLYING TIGER LINE

WORLD HEADQUARTERS: INTERNATIONAL AIRPORT, LOS ANGELES, CALIFORNIA

MONEY-
SAVING
EXCLUSIVE

BLOCKED
SPACE
RATES

Are students flunking capitalism?

To the Editor:

I have just had an opportunity to read "Are American Students Flunking Capitalism?" by Jeffrey St. John [July].

While Mr. St. John presents his points in a provocative way, I cannot share his appraisal of the younger generation.

Further, I regret to read in his article the cliché that is being quoted almost every week now: Namely, that in some Eastern liberal arts colleges only a small per cent (I have seen figures which vary all the way from five per cent to 90 per cent) of undergraduates intend to go into business and industry.

For those of us in university schools of business administration, such comments or quotations are not at all surprising or shocking.

We would not expect graduates of liberal arts colleges to enter business and industry, as a normal thing, simply because they are not preparing themselves educationally for this type of career.

If the young person is thinking of a career in business, it would be normal and logical for him to enter a university school of business, of which there are more than 600 in the United States. These collegiate programs currently enroll approximately 500,000 young Americans, and graduate more than 75,000 able young people per year.

The greatness of America in re-

cent decades has, in my humble judgment, been brought about through this great supply of talent from university schools of business—at both the undergraduate and graduate levels—almost all of whom enter American business firms.

It is also difficult for us in university education for business to understand why, even though we enroll approximately 20 per cent of all the students, we receive only 1.7 per cent of the corporate and other contributions to higher education in the United States.

PAUL GARNER

Dean
School of Commerce and
Business Administration
University of Alabama
University, Ala.

Sen. Javits dissents

To the Editor:

I read with some dismay "Will Washington Ruin Your Pension Plan?" [April].

The article seems to regard the various proposals, including my own, which have been made concerning private pension plans in the recent past as a kind of conspiracy to ruin the private pension plan system as it now exists in the United States.

I do not think that any such blanket condemnation is warranted.

Speaking for myself, I have no desire whatsoever to impede the development of the private pension

plan system, and I certainly do not think it should be replaced by social security.

My interest is in improving and strengthening private pension plans so that they will meet the legitimate expectations of millions of Americans who are relying on them.

It is because a small but significant number of plans have not been meeting these expectations that private pension plans have come under attack in some quarters.

My bill, S. 1103, by establishing certain minimum standards which all plans would have to meet, would not destroy them, but would save them from just the kind of criticism they have engendered up to now.

I have never maintained that my bill, S. 1103, is a perfect cure-all.

When I introduced it, I specifically stated that it was being offered as a vehicle for constructive discussion, which I hoped influential magazines, such as NATION'S BUSINESS, would undertake.

SEN. JACOB K. JAVITS
Washington, D. C.

Why White House balks

To the Editor:

"Washington: A Look Ahead" [June] says, "White House reluctance to come up with a total solution to union strike muscle" is pro-union.

Well, certainly!

The unions own this Administration and a pack of Senators and Congressmen.

The union movement is frank to proclaim that nothing—but nothing—is to inhibit its selfish actions. And the Administration, by its actions, shows that nothing—but nothing—comes ahead of its intention to get reelected with union help.

WARREN SNYDER
President
Snyder Molasses Co.
Chicago, Ill.

Says law is needed

To the Editor:

If I may say so, I don't believe Mr. McAlister's survey ["Survey Shows Truth About Lending" May] showed anything at all.

He interviewed several companies and analyzed 55 installment sales contracts and revolving credit agreements and was only able to conclude that the majority would comply with most existing state laws. He would have us believe that based on these state laws the consumer is amply protected.

Yet he goes on to state: "Many consumers are not aware of what it costs to buy on the installment plan."

And this, in spite of the state laws Mr. McAlister continually re-

CHANGING YOUR ADDRESS?

Please attach the address label from your Nation's Business cover in this space, print your new address below, and mail this form to Nation's Business. Important: Allow five weeks for address change.

Nation's Business, 1615 H Street, N. W., Washington, D. C. 20006

Name

Co. Name

Address

City State Zip Code

Whenever you write us about your subscription, please include address label for prompt service.

The Idea of the Green Machines.



Our machines are green. A particular shade of green we found to be the most relaxing to the eye. The color least likely to interfere with the operator's efficiency (or clash with the colors in your office decor).

Our definition of what's pleasing to the eye is one of the more obvious ways in which we are distinctive from all other manufacturers of office typewriters.

Some of the differences seem simple enough. Like having a notebook rest directly above the keyboard of our office typewriters...eliminating the usual ping-pong motion of transcribing.

Other differences are more complex. All stem from our belief that the best machine for any job is the one designed to perform that specific function.

From our lightest portable to our most sophisticated office electric typewriter, the entire line of Hermes typewriters is designed to help people perform their jobs in the most professional way possible.

The choice of machines for your office is greater than manual versus electric. Putting the right machine to the job can make a difference in the work that goes out of your office. It has with ours.

Left to right from top:

Hermes Ambassador Electric: our precision office electric typewriter. With carbon and fabric ribbon, repeat key for all 48 keys, optional proportional spacing for executive correspondence.

Hermes Ambassador Manual: our heavy-duty office manual. Recognized as the finest machine for the job on the market. Has fabric ribbon plus built-in carbon ribbon.

Hermes Rocket: the eight-pound portable for the student or traveling executive.

Hermes 3000: the portable with the stamina, handling and keyboard of an office machine. Ideal for small office use with this optional 13" carriage.

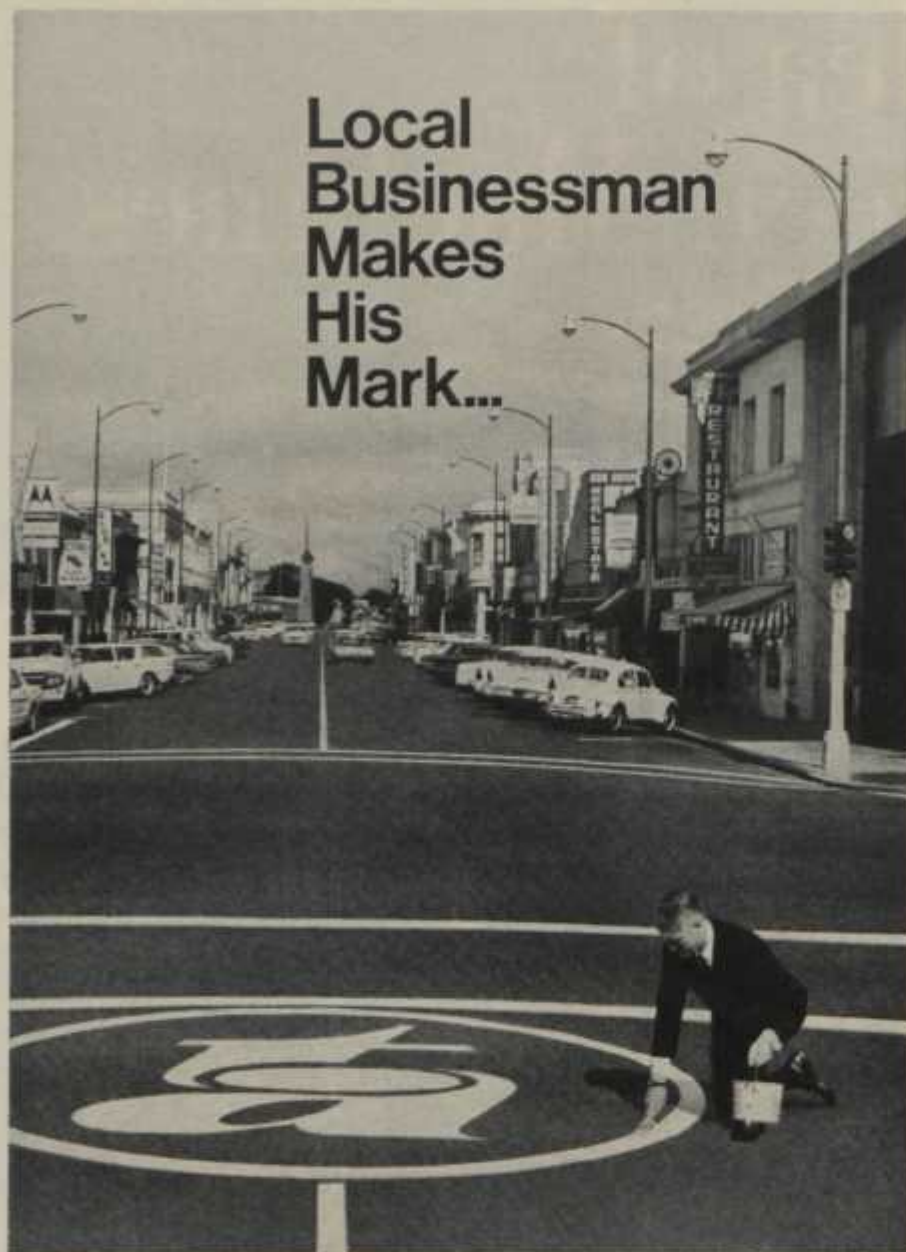
Hermes 3: our manual typewriter for school and office use. One of the most rugged, economical typewriters available today.

Hermes 3000: same machine as the Hermes 3000 above, but with standard 30" carriage for student and home use.

For the name of the Hermes dealer in your area and for literature on our complete line of typewriters and figuring machines, write Paillard Incorporated, 1000 Lower Road, Linden, New Jersey 07036.

HERMES A division of Paillard Incorporated, manufacturers of Bolex movie cameras.

Local Businessman Makes His Mark...



Puts Transamerica Insurance Service Just Down the Street from You.

Your Transamerica Insurance Agent owns his own local business. He makes his mark the same way you do—by personalized selling and by servicing what he sells.

That's why your Transamerica agent's main stock in trade is custom-tailoring fire and liability insurance programs to fit the exact needs of your business. Transamerica provides your agent with the local back-up he demands to service you properly. And because he's independent, you *know* Transamerica pays attention!

So for on-the-spot insurance help, look to your local Transamerica Insurance Agent. He's just down the street from you.



Supporting Independent Agents Across the Country

Transamerica Insurance Group

Home Office: OCCIDENTAL CENTER • P.O. BOX 54256 • LOS ANGELES, CALIFORNIA 90054
TRANSAMERICA INSURANCE CO. • WOLVERINE INSURANCE CO. • PREMIER INSURANCE CO.
RIVERSIDE INSURANCE CO. • CANADIAN SURETY CO. • AUTOMOTIVE INSURANCE CO.

Business opinion:

fers to, is why it is necessary to have a federal truth in lending law.

M. J. KELLY
Wilmington, Del.

An expert talking

To the Editor:

Look who's talking: "Robert Kennedy on Government Injustice to Business" [June].

That's right, get an expert on the subject when you can.

You succeeded this time.

He oughta know!

CARMEN A. WALTON
Walton's Greenhouse
Conroe, Tex.

About those taxes

To the Editor:

I thoroughly enjoyed Felix Morley's "What's Wrong with the Way We Raise Revenues" [June]. But I would have to disagree slightly with the term "inelastic" in relation to sales tax.

I do agree that sales tax beyond a certain point tends to have a diminishing return. Nevertheless, the need for the service provided by the tax also seems to diminish.

He refers to the fact that an increase in gasoline tax from four to eight cents does not necessarily double the income from this tax. In our state, the gasoline tax is for roads. Therefore, a decrease in use is also a decrease in requirement for maintenance and extension.

DWIGHT KESSEL
Knox County Court Clerk
Knoxville, Tenn.

To the Editor:

Dr. Morley errs when he lumps property taxes together with all the other regressive taxes we have.

The property tax is actually two taxes:

A tax on buildings and improvements which is indeed regressive.

A tax on land values is not.

State-wide homeowners association surveys here in California show that the entire state budget deficit could be met if erroneous and inadequate assessments on bare land and slum properties in the state were brought up to assessment levels for homes and businesses.

WILLIAM J. FILANTE, M.D.
San Rafael, Calif.

Throws a bouquet

To the Editor:

"What Crime Costs You" [June] is an excellent article.

D. W. MCGREGOR
Branch Manager
Todd Division
Burroughs Corp.
Minneapolis, Minn.

"What good does advertising do?"

Advertising Sells Good Works (as well as goods and services)



Have you noticed how often, when an important public cause is at stake, people turn to a good salesman for leadership? Successful businessmen have given uncountable man-hours to America's schools, churches and charities, and have led in solving major national problems. For its part, advertising—good salesman that it is—has provided the means to communicate such causes to the American people.

For 25 years ads like these have been prepared by advertising agencies who volunteer their services. Radio and television give time on the air; space is donated by newspapers and magazines. Last year alone, for example, business publications like this one gave more than a million dollars' worth of space in the public interest through The Advertising Council of which the American business press is a part.



25 years of advertising contributed for the public good



"I DON'T MIND PAYING A LITTLE LESS"

This man knows that over 200 AIRWAYS RENT-A-CAR offices in the U.S. and Canada provide better service and convenience plus lower rates including gas, oil and insurance. He knows AIRWAYS saves him time because one call and AIRWAYS will probably arrive before his luggage. He knows AIRWAYS will provide a '67 Chevrolet, Pontiac, Buick or other new car.

He knows it—AIRWAYS knows it—
Now you know it.

Write for free International Directory to Dept. NB-6
AIRWAYS RENT-A-CAR SYSTEM
8405 Pershing Drive, Playa Del Rey, Calif. 90291

AIRWAYS
RENT-A-CAR



All major credit cards accepted.

Low price time clock helps small companies meet strict requirements of wage hour law



LATHAM TIME RECORDER COMPANY
2135 Marietta Blvd. NW, Atlanta, Ga. 30325
Please send me complete information and
prices, also payroll time card samples.

Name

Company

Address

Latham

TIME RECORDERS
PROGRAM TIMERS
TIME STAMPS
WATCHMAN CLOCKS

Executive Trends

- Keeping top-notch salesmen
- New LITE on legal research
- Are careers home-wreckers?

Care and feeding of top-notch salesmen

High turnover; slipping appeal;
poor performance.

That's the blues sales managers
sing.

They're moaning, of course, about
salesmen. Business needs more good
ones—badly. But they're hard to
get, and harder to keep.

Most sales executives recently
polled for NATION'S BUSINESS
say:

- Salesmen are still the key to
many a firm's success—despite new
and better marketing methods.
- But turnover is high, and replace-
ment costly.
- Performance, too often, is poor.
- And to young men, sales work's
appeal is skidding.

What's the cure? Here's what
some experts recommend:

Recruit hard and hire selective-
ly—P. J. Schutt, vice president,
Snap-On Tools Corp.

Train continually—Edward B.
Reynolds, vice president, James O.
Rice Associates, consultants.

Motivate the good ones by pay-
ing well and giving them status—
Robert F. Rader, general manager,
New England Division, H. B. Ful-
ler Co.

Need information? Try an old source

It may prove to be a gold mine
of information.

For example, a baffled Texas
manufacturer recently needed to
know:

- Where to get information on
exporting to Latin America.

• What periodicals—south of the
border—he could advertise in.

• What firms there would be
likely to buy what he makes.

He found answers to all his
queries at the Science and Indus-
try Department of the Dallas Pub-
lic Library.

Many public libraries have ex-
cellent business departments.

San Francisco's Business Library,
for example, now publishes a
monthly "Business Library News-
letter." It lists new books, bibli-
ographies of interest to local busi-
nessmen.

Love, honor and obey . . . in sickness and in health?

"My husband's a bigamist," one
wife wails.

"He's wed to me. But he married
again when he went to work at Co-
lossus, Inc."

The firm's fictitious, but the
complaint's not, one authority
warns.

"In some firms, the up-and-coming
executive is expected practically to
marry the job," says R. J. Wytmar,
president, Maichle & Wytmar, Inc.,
Chicago-based executive recruiting
consultants.

"It's a corporate version of the
eternal triangle."

How can a company avoid it? By
following sensible guidelines, Mr.
Wytmar says, including these:

- Encourage but don't force the
wife's interest in the company.
 - Permit growth of both husband
and wife.
 - Respect the privacy of marriage.
- Lon D. Barton, president, Cadil-
lac Associates, Inc., another Chica-

NEW!... Quiet Strength—with Flair!



LYON
takes
the sameness
out of
steel
furniture

■ Fine steel office furniture of the past never had such a hushed sound. Or such sturdiness, such trim lines. It took Lyon—veteran perfectionists in steel equipment—to do it.

We made the desk top the main structural member from which all other parts stem. Used two layers of steel, the lower half fully ribbed for extra strength. Back panels are double wall type, with honeycomb filler for complete soundproofing. Pedestals are continuously welded tubular structures which gird the front opening. Fully sound-proofed. And our exclusive "lock-in-top" feature controls all drawers, provides for interchangeability of pedestals.

Careful sculpturing looks less massive, adds leg room. Double-walled drawers have vinyl glides and rubber bumpers for added serenity. And to top it all off, there's a choice of 9 lustrous 100% acrylic finishes that will last with the furniture.

For the ultimate in quality at attractive prices, see your Lyon office furniture dealer. Ask him to demonstrate the "unprecedented 7*" Lyon advantages.

*Patents Pending

LYON OFFICE FURNITURE

Showrooms: New York, Chicago, Los Angeles

LYON METAL PRODUCTS, INC.
846 Monroe Avenue, Aurora, Illinois

- ☐ Send my free copy of your full color brochure
☐ I'd like the name of my nearest dealer

Name

Address

City State Zip

The Russians finally admit they don't have all the answers.

This really happened.

During a recent tour of Pittsburgh's Deeter-Ritchey-Sippel architectural firm, a group of Russian technicians spotted a 130 Electronic Calculator by Friden.

The head of the delegation asked to try it. He entered his first factor and saw it displayed at the bottom of the cathode ray tube. As each new factor was entered, the previous figure moved up to the next register (this eliminates worksheets and keeps intermediate calculations available for instant use).

In the end, he got his answer in milliseconds

—much faster than he could index his problem.

They were all genuinely impressed. One comment (which we'll cherish forever) was that they had nothing like the 130 in Russia. But they wished they did.

Maybe Russia did invent baseball and chewing gum. But it took Friden to invent the perfect answer to the world's figurework problems.

For a demonstration, call your Friden office. Or write Friden, Inc., San Leandro, California 94577. Sales service throughout the world.



Friden
DIVISION OF SINGER

EXECUTIVE TRENDS

continued

go executive recruiter, disagrees. "Nonsense," he says, "this pious blathering about business wrecking the home is as old as the caveman."

"Every form of endeavor where the stakes are high carries with it built-in traumatic situations. To cope with them takes resiliency on the part of both husband and wife."

"If you don't have it, don't try for the brass ring."

Shedding LITE on legal research

Here's one of the latest offspring of EDP—electronic legal research.

It's a brand new business computers made possible.

One of the pioneers is the Defense Department. Its system, called LITE (Legal Information Through Electronics), uses a computer to ferret out relevant citations from a whole host of legal tomes.

LITE beats manual search—the old method—hands down.

In a recent test, LITE dug up 128 citations of a possible 137. Manual search found 85. That's a score of 93.5 per cent vs. 61.

University of Pittsburgh's law center has similar system. Both use complete texts.

Private firms, like Law Research Service, Inc., New York, have also sprung up to provide EDP research for legal clients.

New goals for business?

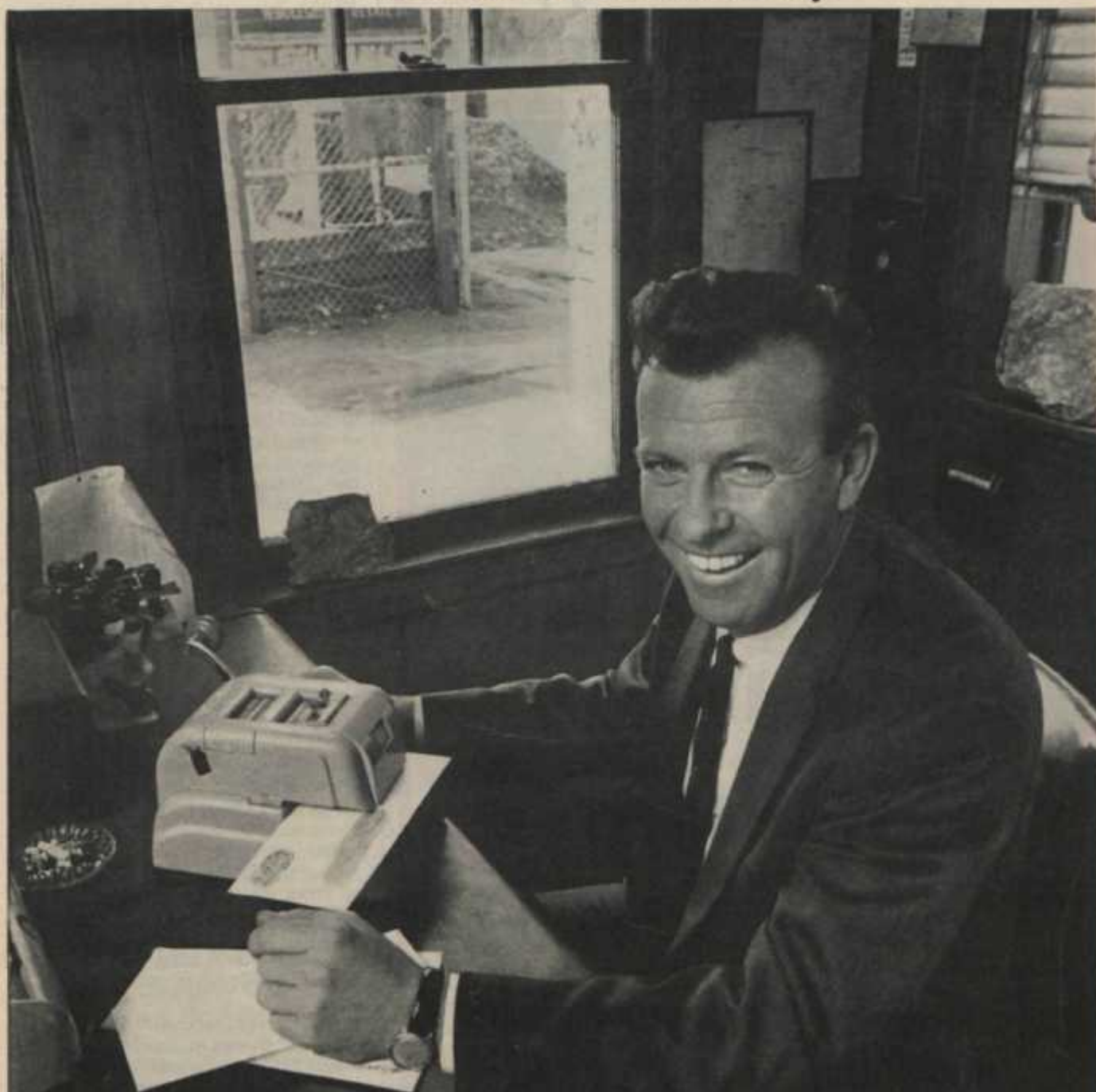
Business must set new goals and build a new image, Harold Brayman, retired director of public relations for E. I. duPont de Nemours & Co., says.

Its major objective must become "public service—not of the eleemosynary type—but public service through technological development, through the creation of cheaper, better or brand-new products for the use and benefit of human beings...."

"The objective of just 'making money' is not sufficient. In our world, perhaps because in America our affluence is so great, this has become a slightly tarnished ideal, no longer appealing, especially to the new generation of college youths."

His views, spelled out in "Corporate Management in a World of Politics" (McGraw-Hill Book Co., 330 West 42nd St., New York,

Why Mike Lawlor uses a Pitney-Bowes postage meter to mail as few as ten letters a day.



Standing beside a mound of cobblestones in West Hempstead, Long Island, is the building that houses the Lawlor Stone Setting Corp. From his small office, Mike Lawlor and his men supply and contract stonework for structures as large as college classroom buildings and as small as their own compact quarters.

Every business day, ten to thirty letters are mailed to prospects and clients. Not just bills, but bids and contracts. Brochures to contractors and architects. Postcards showing work they've done.

For the past five years, one of our little desk model postage meters has been helping Mike Lawlor handle this wide variety of mail. According to Mike, "Because of the meter, we don't have to keep a stock of all the

different kinds of stamps we use. Like 8's for airmail and 4's for the postcards. All we do is dial the right postage on the meter and print it on the envelope. Our mailing jobs are also easier to take; before we got the meter, we got thick tongues from having to lick all the stamps and envelopes."

We made our desk model meter especially for businesses the size of Lawlor Stone Setting Corp. In fact, most new DM users mail fewer than Lawlor's ten letters a day and still find our meter invaluable. To find out just how our meter can help in your business, call a Pitney-Bowes office for a free demonstration.



Pitney-Bowes

For information, write Pitney-Bowes, Inc., 1314 Pacific Street, Stamford, Conn. 06904. Postage Meters, Addresser-Printers, Folders, Inserters, Counters & Imprinters, Scales, Mailopeners, Collators, Copiers.

Suddenly, a major lawsuit.



Could your company take it in stride?

During the past 5 years, liability verdicts have shot up astoundingly. Your "adequate" liability insurance could prove disastrously *inadequate* if put to today's test.

Even if you *win* you might lose—since the very threat of major uninsured loss could slow up credit, break your company's stride.

The answer: Glens Falls' new Upper Bracket/Commercial.

Upper Bracket is an "excess liability" plan. It adds \$1,000,000 to \$5,000,000 of *extra* protection on top of your basic coverage. And it *broadens* protection—into vital, but often uninsured areas.

Premium rates? Surprisingly low—especially considering the protection involved.

Make sure your protection can cope with *today's* realities. Look in the Yellow Pages, under "Insurance," for an independent Glens Falls agent.

Also new: *Upper Bracket/Personal*—vastly increased personal liability protection for well under \$100 a year.



GLENS FALLS INSURANCE COMPANY, GLENS FALLS, N. Y. • KANSAS CITY FIRE & MARINE INSURANCE CO., KANSAS CITY, MO. • THE NATIONAL LIFE ASSURANCE COMPANY OF CANADA, GLENS FALLS, N. Y. • GLENWAY CORPORATION, GLENS FALLS, N. Y.

EXECUTIVE TRENDS

continued

\$7.95), have made it a lively topic in business circles.

Jogging that laggard memory

Lose track of an important professional meeting—or conference?

Clients of The Diebold Group, Inc., New York management consultants, don't, or needn't.

The firm furnishes them with a yearly calendar that lists national and international professional get-togethers of interest to them as well as world-wide meetings of the organization itself.

Like the National League of Cities Conference, Boston, July 29. Or the 14th International Meeting of the Institute of Management Sciences, Aug. 22, Mexico City. Or the National Conference of the Association for Computing Machinery, Aug. 29, Washington, D.C.

Might swipe the idea for your own calendars.

Traveling abroad— bring money

Globe-trotter complains there are no cheap lunches left anywhere.

A businessman's Quiche Lorraine in Lorraine can set him back \$3.50. And a Yorkshire pudding in Yorkshire may come, with roast beef, to \$5 or \$6. Other expense account items add up, too.

For example, Tel Aviv charges you a \$2.75 departure tax to take off from its airport; Dhahran, \$14.

Pan American Airways says take about 20 per cent more money than you think you'll need when traveling abroad—to cover unexpected expenses.

And never in cash. Preferably travelers' checks in small denominations, \$10's, \$20's and some \$50's.

Keeps you from getting stuck with too much local currency when you leave a country.

Must reading for businessmen

"Pattern for Success" gives detailed account of Harvard Business School's Advanced Management Program. This is famed, 13-week course for men about to enter top management ranks.

New book expands on series of articles originally published in *NATION'S BUSINESS* (Doubleday & Co., Inc., Garden City, N. Y., \$5).

How new laws are conceived

BY PETER LISAGOR

The critics of the Administration would have you believe that President Johnson's annual legislative program comes from a vision conjured up over a boiling cauldron and is finally put together with glue and sealing wax.

Even to the disinterested, the business of governing a society bustin' its britches may sometimes seem occult, not to say planless and improvised. But in truth the President's requests of Congress, coupled with his pledges and commitments to act within existing authority, emerge from a somewhat tortured and surprisingly systematic procedure.

If there is a major domo of the operation, it is a young man hardly known to the public at large, who wouldn't be recognized on TV's Huntley and Brinkley or Cronkite or even in a current events course. But to key Congressmen, aggressive lobbyists, important business- and labor men, Joseph Califano, Jr., is a man they would like to know better.

He is perhaps as important as any member of the President's staff.

He came to Washington by way of Brooklyn, Holy Cross College and Harvard Law School, which makes him an exception on the highly Texanized White House staff. But he is far too busy to worry about status or favor, the twin plagues of almost every palace guard.

Califano came to the President's attention when his former boss, Cyrus Vance, who recently resigned as Deputy Secretary of Defense, happened to mention that he had a bright young assistant at the Pentagon. Mr. Vance was Secretary of the Army when he got a letter from Califano, who was working in Thomas E. Dewey's law firm in New York. The young man said he was "bored splitting stocks" and would like to work for the federal government. Vance was impressed enough by the letter from the unknown New Yorker to hire him, but as Vance later recalled, he (Vance) was not savvy enough to keep his mouth shut in front of the President. Mr. Johnson remem-



PHOTO: DENNIS BRACK—BLACK STAR

It's White House aide Joseph Califano who runs the machinery that cranks out legislative ideas for LBJ.

bered the name and, in a short time, lassoed Califano for his White House staff.

• • •

In a way, Califano is an operational chief of staff. His office, just around the corridor from the President's Oval Office, is a nerve center or command post for such domestic emergencies as the threat of a rail strike, a campaign to roll back essential metal prices, an endangered but vital piece of legislation nearing the end of the Congressional process, and the like.

But his main task is shepherding the domestic program from inception to completion, and he presides over a mountainous flow of paper, in the best tradition of bureaucracy. After one year's requests for legislation have been made, the preparation begins for the next.

Around the first of May, Califano dispatches a memorandum to all Cabinet and agency heads. He asks them for their personal ideas, and encourages them to let their minds wander beyond their particular field of responsibility. Some of these top officials, HEW Secretary John Gardner and Defense Secretary Robert S. McNamara among them, are broad-gauged

Mr. Lisagor is the White House correspondent for The Chicago Daily News.

TRENDS: WASHINGTON MOOD

men with minds that range over the whole of the society. Califano's questions center on, Where do we go from here? What needs remain unmet? What problems remain to be solved? What ought we to be doing?

During the year, unsolicited letters with useful ideas are funneled into Califano's office. They are written by specialists in one area or another, by university professors, trade groups, labor experts, business leaders and ordinary citizens. Their proposals are sometimes narrow ones but often encompass the whole population.

Ideas also originate in campus brainstorming sessions arranged by Califano. Last year, together with other White House assistants, notably Douglass Cater and Harry McPherson, Califano visited several universities and held conferences with academic specialists. They were idea-scouting safaris, and they were helpful, according to Califano.

Then there are the task force reports and recommendations. These task forces usually originate with Califano and the staff, and the President is asked to approve them or not. Their subject matter varies greatly: Income maintenance, the situation of farm workers, improvement of the quality of government personnel, the quality of the environment, pipeline safety and meat and poultry inspection, to name a recent few. The task forces, consisting of outsiders versed in the particular specialty, bring a fresh, un-bureaucratic view to the problem.

From this welter of paper, letters, memoranda, reports, Califano and two of his assistants, Lawrence Levinson and James Gaither, separate out the ideas and proposals by subject matter, and place them in neat loose-leaf notebooks with appropriate titles, such as Cities, Civil Rights, Consumers, Crime, Foreign Affairs, Transportation, Older Americans and so on.

• • •

The Califano operation also keeps an eye on a number of Presidential statements which might contain an impromptu pledge or commitment that requires attention. Sometimes a speech writer has been known to insert an idea into a speech draft which the President likes, and it becomes policy. This is not a novel experience in government. Old-timers remember that when President Harry S. Truman first mentioned in a State of the Union address the program that later became known as Point Four, nobody at the State Department, which would have to administer it, had ever heard of it. A speech writer, wanting to enliven the otherwise drab document, had put into the speech a vague plan for providing technical assistance to underdeveloped countries, and thenceforth it was embedded into U. S. foreign policy.

In the first compilation, no judgment is made on anything. This comes to be known as the "raw file," and it contains a smorgasbord of suggestions. With it in hand, Califano goes over the myriad proposals with the President, who will say he likes this one but doesn't like that one, or doesn't feel strongly one way or another about a third one.

Along about July, equipped now with the President's sentiments and attitudes, Califano begins a series of sessions in his office with the White House staff, broadened now to include Budget Bureau Director Charles Schultze, Chairman of the Council of Economic Advisers Gardner Ackley, Special Assistant on Science Affairs Donald Hornig, Cater and McPherson, who handle a wide range of matters, including education and health and civil rights. For the discussions of foreign affairs, Special Assistants Walt Whitman Rostow and Francis M. Bator join the in-house seminars.

Then a series of long meetings begins with department and agency heads and their experts, and the proposals that are agreeable and feasible are singled out for action. If the idea is not ready for being converted into a legislative message, the discussion turns on how to staff it out. It is at this point that task forces often are born.

The ideas that have matured are thoroughly sifted and analyzed and debated, and an agreement is reached on a recommendation.

• • •

Throughout the whole process, the President is kept up to date by Califano memoranda. Califano has been impressed by the fact that a busy executive can best be communicated with through a short, concise, clear memo. With President Johnson, a verbal briefing takes more time and is far less effective than a memo on which the Chief Executive can note changes or his approval or lack of it. At times he wants to hear more, from Califano or the experts, and then it is an in-person task.

By the time December rolls around, the budget process is now under way, and the Califano operation has winnowed and distilled its output in a black loose-leaf notebook, annotated now with estimated costs. The cost estimates are possible because a man from Califano's office and one from the Budget Bureau keep a close liaison with each task force.

Once the President has approved a program, a one-page summary of it is written and an outline of what Califano calls its programmatic parts is drawn up. These become grist for the State of the Union message in which the President gives a preview of his new programs. The first drafts of the message, usually delivered to a joint session of the House and the Senate, are voluminous, and then, like an accordion, are squeezed down to manageable size. Not every program has to be presented in detail in the State of the Union address. For example, the President might mention he will recommend a traffic safety bill, but it doesn't have to be worked out until a later transportation message goes to Congress.

It is in late December that a tentative list of legislative messages is prepared. Califano and his staff usually start with 30 or 35, but eight or nine of them become merged in others. These messages are farmed out to departments and agencies involved, and any problems are hammered out in consultation with Califano's office. The messages, Califano contends, are basic statements of policy and are the most thoroughly thought out in the government. They are a compendium of Administration policy and purpose.



Certain men
have a
green thumb...

**This one is Ian Jamieson,
and his business is
to help your business
grow.**

Ian is accustomed to thinking in terms of growth. He has to...to handle financing for Southern California's booming industries, like construction, computers, and aero-space components. Head of CIT's Los Angeles North office, Ian is gifted with a green thumb. And you'll find his growth-talent counterpart in the CIT office nearest you. We have 27 of them, coast-to-coast. To learn how they can help your business grow, send today for our FINANCING IDEA BOOK. Write Mr. H. A. Post, Ass't. V.P., CIT Corporation, 650 Madison Avenue, New York, N.Y. 10022. No obligation.

One of the **CIT** companies

C.I.T. CORPORATION—A SUBSIDIARY OF C.I.T. FINANCIAL CORPORATION • IN CANADA: CANADIAN ACCEPTANCE CORP., LTD.
Installment Purchasing • Equipment and Vehicle Fleet Leasing • Capital Loans • Accounts Receivable & Inventory Financing • Sale & Leaseback • Rediscounting



© 1967 EBCO MFG. CO.

Pessimist!

Consider the pessimist. He expects every water cooler to splash or spurt over the side.

Oasis won't.

We build all 29 Oasis models so they'll never splash a floor — or a face. The unique Dial-A-Drink bubbler can't spout over the carefree stainless steel top, and never delivers a frustrating dribble — no matter what the pressure.

In addition every hand-soldered internal watertight connection is tested at four times normal pressure before each Oasis is fitted to its

handsome cabinet.

So a mop near a new Oasis is only an old habit. Step right up and turn the bubbler full on.

Pick the Oasis that's perfect. For poshest office, brawniest plant or quaintest kitchen. Look under water coolers in the Yellow Pages, or write for our booklet.

OASIS® WATER COOLERS

EBCO Manufacturing Company, Department D-35
265 North Hamilton Road, Columbus, Ohio 43213
Distributed in Canada by G. H. Wood & Company, Limited

When nobody can dominate the world

BY FELIX MORLEY

As a military contest the Arab-Israeli war was one of the briefest and most decisive on record. But its complicated diplomatic aftermath promises to fill front-page headlines for months to come.

That is because the fighting, in early June, had as a major casualty the illusion of an effective Great Power domination, with which both Washington and Moscow became obsessed at the close of World War II. Neither the U. S. nor the USSR wanted this dangerous conflagration in the oil-rich Middle East, yet by furnishing weapons both did much to promote it. In consequence, the two stumbling giants have lost stature, within and without their respective spheres of influence.

The problem now is much more involved than a mutually acceptable peace between victorious Israel and the defeated Arab states, difficult though that is. The deeper issue is whether peaceful coexistence between the United States and Russia can be attained, so that in concert they may exercise a constructive influence which, as bitter opponents, is possessed by neither.

• • •

It was easy for us to see the Kremlin's humiliation, when Egypt at the first attack surrendered huge stores of Russian armament, in mint condition. To others, however, American influence seemed equally futile. Boggled down in Viet Nam our diplomacy was not merely powerless to avert a clearly foreseeable crisis. Washington seemed actually unaware of the impending disaster. We were concerned with pacification along the Mekong but not the Jordan.

The European powers were even less effective. Although largely dependent on the Middle East for oil, their governments were both uninfluential and divided in the crisis.

De Gaulle, as is his custom, leaned hopefully towards Moscow while the British Prime Minister rushed to Washington in a vain effort to find out what was intended there. The Chancellor of West Germany, gagged by the Nazi background, said merely that he

was "depressed" by Europe's helplessness. Italy, so voluble in Mussolini's day, kept mum. Sweden pessimistically ordered acceleration of its massive system of fallout shelters.

Paradoxically, it was the United Nations that emerged most helpfully from the morass of national disunity. The emergency session of the Assembly provided a safety valve for the escape of potentially dangerous steam. Whether good, bad or indifferent the argument has done much to clarify the issues and provide a base for reconstruction. Without UN backing it would probably have been impossible for President Johnson and Premier Kosygin to arrange their historic meetings, "helpful" at least in defining the areas of disagreement.

PHOTO: BLACK STAR



The UN served as a safety valve, when angry nations there let off steam generated by the Israeli-Arab war.

Even Mao Tse-tung, doubtless inadvertently, made a constructive contribution. By choosing this juncture to explode its first hydrogen bomb, Red China dramatically warned the world of the ultimate disaster invited by continued diplomatic brinkmanship. The greater the megalomania of Peking the stronger the pressure for restraint in both Moscow and Washington.

Because no nation, or alliance of nations, is now

Dr. Morley is a Pulitzer Prize-winning former newspaper editor and college president.

TRENDS: STATE OF THE NATION

dominant there is the better chance for fruitful collaboration among those that have been bitter rivals. The "Iron Curtain," as first defined by Winston Churchill at a small Missouri college, may dissolve the faster because of conversations on an equally obscure New Jersey campus. It is not the most publicized of our academies that have given the greatest leverage to history.

• • •

The shadow of the atomic bomb is not the only one that stretches across civilization today. More disturbing, because less easily avertible, is poverty so widespread and so acute that it currently threatens two thirds of the world's bursting population with starvation. This problem is not the less dangerous to international stability because so little realized in our own fortunate land. It demands policies more promising than the continued military buildup of indigent countries whose need is bread, not guns.

Under any economic system poverty can only be overcome by the accumulation of capital, which armaments serve to dissipate. Whether the necessary capital is raised by private investment or by governmental confiscation is certainly an issue of importance, constituting the primary difference between free enterprise and socialism. But it is time to recognize that capital extended by the haves to the have-nots is now everywhere being raised by socialistic methods. What we spend for foreign aid is taken from our taxpayers as summarily as the funds for Egypt's Aswan Dam were wrung from the Russian people.

Procedures for investment in pauperized areas, whether or not primarily political, whether or not productive, are now not essentially different in the United States and in Russia. Consequently there is no longer any ideological reason why these two great powers should seek to align economically backward countries in either camp. Their natural rivalry could be exercised, with much more credit for both, in endeavoring to avert the somber threat of famine.

Realization of this seems to be the party line in Russia now, judging by the lengthy communist manifesto released, surely intentionally, while Kosygin was at the UN. Behind the conventional indictment of "American imperialism" it clearly seeks a formula for peaceful coexistence with the United States, as Chinese critics of the Kremlin have been quick to point out.

Such a formula requires American cooperation and certainly deserves the serious consideration that President Johnson is disposed to give. On the Russian side more than a verbal repudiation of communist infiltration is necessary. Kosygin has evidently emphasized this to Castro. For the United States, peaceful coexistence demands an end to the support of tinpot dictators who label all domestic discontent as communistic. One Viet Nam should be enough.

In both cases an appreciation of the seriousness of the world picture, in terms more realistic than the shallow language of national prestige, is clearly essential. And this should be helped by the speed with

which the desert war punctured a lot of empty "peace-loving" rhetoric.

• • •

The industrialized nations of Western Europe have a more vital interest in international trade than is the case with either the United States or Russia, both of which have enormous domestic markets to satisfy. Aside from the defeated Arab countries those of Western Europe have suffered most from the Middle East upheaval, as they do from any serious interruption of normal trade routes. For Great Britain, where the currency is under constant pressure, any extra strain is particularly critical.

After 10 years of formal cooperation the Common Market countries have now acquired economic cohesion. For purposes of trade the frontiers between them have been eliminated and in tariff matters, witness the recent GATT negotiations at Geneva, they act as a unit. But politically the Common Market grouping is largely without influence in world affairs. Under De Gaulle's leadership it has cast off subservience to the United States without as yet acquiring a unified diplomatic identity.

Political, as well as economic, federation in Europe will certainly be stimulated by the events of the past few weeks. That is the only way in which these highly developed countries can hope to exert an influence comparable with their necessities. But progress in European unification, as a Third Force in global politics, will be slow unless Great Britain becomes an integral part of the movement. And De Gaulle still seems to consider the British "insufficiently European"—too closely aligned with the United States—to be a desirable partner.

This attitude, however, will be modified by any substantial move towards peaceful coexistence between the United States and Russia. And the militancy of Red China is also a big factor, pushing Russia towards ever better relations with Western Europe. Kosygin's stopovers in Paris suggest that a Franco-Russian entente could finally displace the Iron Curtain, which is in any case being dissolved by the spread of East-West trade. In Germany this is now regarded as the most practical road to a measure of national reunification.

None of the factors pointing towards a more stable world order is wholly new. But all of them have gained strength from the shock of the Israeli-Arab war. This demonstrated that the rivalry of the two super-powers is actually an encouragement to world disorder. That lesson has brought a greater sense of mutuality to both White House and Kremlin, and also a greater determination in other capitals to assume external responsibilities, independent of either American or Russian policies.

Of all the answers given by Kosygin at his historic UN press conference one is most memorable. It was when he said: "We can never and will never share the view that there can be any kind of dictatorship of the two super-powers over the world."

If that is a firm conviction, in Moscow and in Washington, then humanity will be in a position to tackle problems even more difficult and urgent than those of the Israeli-Arab settlement.

Let's talk about PERSONALITY and the Armco Building System

There's little chance of diners mistaking Ray Jr. for just another restaurant. Its clean-cut lines and distinctive facade mark its personality as surely as the bill of fare and maitre d'.

How do you achieve such individuality in a steel building constructed with standard components? You do it with imagination and the Armco Building System. In conjunction with your local Armco Dealer and architect, select the framing system that best fits your space requirements, according to size and business activity.

Cover outside walls with sculptured or flat Armco STEELOX® Wall Panels. And pick their colors according to your tastes. If you wish, complement the panels with masonry or wood (STEELLOX blends nicely with all building materials). Then select overhang, accessories and trim.

When you're finished, you've got a building that reflects the personality of your business, an attractive structure whose individuality is designed to draw customers.

Your local Armco Building Dealer is experienced in erecting the kind of individual facility your business deserves. Call him, or write to Armco Steel Corporation, Metal Products Division, Department M-1207, P.O. Box 800, Middletown, Ohio 45042.



makes products better for you



Tell me more about the Armco Building System.


Name _____ Title _____

Firm _____

Street _____

City _____ State _____ Zip _____

Telephone Number _____

 **ARMCO Metal Products Division**



WE CAN'T FIX UP THE ROADS...

but Goodyear gives you The Workhorse—
tough-job tire for pickup and delivery work.

The Workhorse is built for the stop-and-go grind of pickup and delivery.

In addition to triple-tempered nylon, the Workhorse has Tufsyn, toughest rubber Goodyear ever used in tires. And more of it. 14% deeper tread. Thicker undertread, too. Up to 17% more rubber between the cord and the road. The Workhorse delivers up to 25% more mileage than ordinary tires now used in most pickup and delivery work.

So pile on the tools, appliances,

sand and gravel, camping equipment, logs or livestock. The Workhorse can take it because it has stronger sidewalls for extra load-carrying strength. Helps you haul more. In fewer trips.

Prices start at about \$15.00.*

If you drive a pickup, panel, or light delivery truck—get the tough-job tire. The Workhorse, at your Goodyear Dealer's or Goodyear Service Store. Goodyear, Akron, Ohio 44316.



The Workhorse tire gives you a choice of two tread designs. Extra-traction design for on and off-the-road. Rib-type for on-highway work.

GOODYEAR

Fitness can also be a state of mind

BY ALDEN H. SYPHER

Navy Captain James A. Lovell Jr., the astronaut who has spent more time in space than any other man, is doing a little moonlighting.

It isn't much. His appointment as President Johnson's special consultant on physical fitness is not expected to interfere with his status as an active astronaut. There's little reason why it should. The glamorous everyday humdrum of the President's Council on Physical Fitness has been shifted to the labyrinthian Department of Health, Education and Welfare, where it will get lost.

That has little to do with the purposes of the President's special counsel. This job is intended to be more inspirational than actual.

Inspirational in more ways than one. Captain Lovell lends his name and fame to LBJ, as did his predecessor, Stan Musial of baseball renown, at the rather forceful request of the President. Such an association of names provides a beneficial reflection for any holder or seeker of public office, particularly one whose name has been so closely linked with those of such people as Premier Nguyen Cao Ky and U Thant in recent months.

But the main purpose is to inspire you to squat and bend and push and sweat until you too can—well, not really go to the moon or bat .390, but do a little better than you have been doing wind-wise.

Not all of us can become astronauts, or even run the mile in under four minutes. Some have to tend the store.

• • •

Which brings up a question raised by two professors at Stanford University's School of Medicine at Palo Alto, Calif.

"Physically fit for what?" ask Drs. Kenneth Smyth and Jose Montero.

These specialists contend that today's society requires speed, coordination and accuracy (such as astronauts and baseball stars must have), rather

Mr. Sypher, a lifelong journalist, is the former editor and publisher of NATION'S BUSINESS.

than brute force to make a living.

"However, we still test for physical fitness by measuring muscular strength," observes Dr. Montero.

"The results of these tests are frightening physicians, politicians and the public into frantic compulsive calisthenics and week-end heart attacks."

"Physical fitness for what?" is a good question.

Major General Moshe Dayan, defense minister of Israel, has only one eye, but he astounded the world, including our own Pentagon experts, with the efficiency, speed and precision of his military successes.

Although his army was small, compared with those of his multiple opponents, his use of what he had was superb. He had enough aircraft and pilots to do what was required. His guns worked. His supplies were adequate.

The situation in which he operated was so different that it offers no comparison with the performance of Robert Strange McNamara, who holds the same job in this country, has a thousand times the facilities to draw from, and twice as many eyes.

"The Army says a man is not physically fit because he is missing a trigger finger," said Dr. Montero. "However, a man who has had two heart attacks or is confined to a wheelchair still may be physically fit to be President."

Just what degree of fitness would be required to enable the secretary general of the United Nations to be an effective influence toward world peace has not yet been determined.

• • •

It seems there is a far greater need in this nation and in the world than the ability to run a mile, which qualifies a man to run another, or to be able to do 20 push-ups, which fits a man to do 20 more tomorrow.

There is a need of mental and moral fitness, which sometimes tie quite directly to physical fitness.

A flaw in one may produce a flaw in another. Four students at the University of California Santa Barbara campus took a trip on LSD, which takes all the fight out of a man, and then gazed at the sun. One said he was holding a religious conversation with

TRENDS: RIGHT OR WRONG

that body. Another said he looked at the sun to produce visual displays. All four permanently damaged their eyes. They've lost reading vision, probably for life.

The broad extent to which mental fitness is a problem in this nation is suggested by the Army surgeon general's report on results of examinations of youths for military service last year.



James Lovell, LBJ's special consultant on fitness, proves he's in shape by taking a spin on exerciser.

More than 176,000 young Americans were turned down because they were not able to meet mental standards, even though these were considerably below the level in force a year earlier because of the Army's mounting needs.

Mental evaluation of a prospective inductee is based on tests designed to measure his general ability to absorb military training within reasonable time limits, and his potential general usefulness to the service.

When the Army, with its 24-hour environment and captive classes, declines to try to train these young men, what chance has a teacher in a public school?

You need have little fear that LBJ's stress on physical fitness might produce a mob of mentally retarded brutes.

Even if that should happen there's a cure on the horizon.

Dr. Heinz Lehmann, professor of psychiatry at McGill University in Montreal, told a meeting there that a search for antiaggression pills might be the main goal of psychiatrists and biochemists by 1980.

Drugs that control pain and anxiety, and influence some other emotions, already are in use. As scientists learn more about physical and chemical mechanisms that regulate emotions, there's no doubt pills will be developed to subdue man's aggressive, destructive tendencies.

Such pills would have to be compounded not to rob a man of ambition or desire to achieve, but to control his pathological desire to fight, Dr. Lehmann pointed out.

Some drugs that do just about that already are in fairly widespread use around the country, such as LSD.

"But perhaps there would be some way to control excessive aggression and not make social parasites of them," Dr. Lehmann added.

While the pill search and fitness programs go forward, life in the nation rolls along in its usual normal pattern.

The National Automobile Club reports there are eight million drivers on the country's highways who see too poorly to be considered safe.

These could account for a large percentage of the coming highway death toll, but the President's Council on Physical Fitness is not reaching them.

In Utica, New York, a Baptist minister who went to work in a manufacturing plant to supplement his church income lost his job as a press operator because he wore a sign on his back which said: "The Lord will not hold him guiltless that taketh His Name in vain."

"I told the personnel director that if the pictures of naked women hanging on the walls were taken down and if the men refrained from using vile language, I would take the sign off my back," said the Rev. Erwin Williams.

An official said the pastor was violating the company's safety regulations in that the sign was distracting other workers. The Rev. Williams was fired.

Apparently the pictures on the walls had no such ill effect.

• • •

And in New York City the Drunken Lords performed for nearly an hour at a Sunday morning service in St. James Episcopal Church.

These are teen-age lads who wear long hair, beat electric guitars, tap their feet and nod their heads as they sing folk-rock.

Their opening bit was the Lord's Prayer. They gave it a beat. And throbbing rhythm. The Drunken Lords usually perform on Saturday nights for the dances at their Connecticut prep school.

"I suppose some people are shocked by it," said the mother of one of the folk-rock artists to a reporter. "But I think that anything that drags people into church is OK. Don't you?"

He didn't say.

Professor Eugene E. Jennings of the University of Michigan finds mental problems at the opposite end of the economic spectrum from the draft failures.

Some top executives are—as you long have suspected unless you are one—neurotic, immature and unstable, Professor Jennings reports.

Their problem is a little more complicated than that of the draft failures. Executives, like the opposite enders, have limitations. But complicating this is the fact that they don't know it, according to the professor.

"Once they stumble," the professor says, "they are unable to rally themselves to fight off the accumulating forces of antagonism and isolation which a corporation climate can bring to bear."

Perhaps we do need exercise, after all.

Even Drs. Smyth and Montero say if your job doesn't provide enough physical stress to maintain health you should get exercise some other way.

Dr. Smyth runs a mile every day.

Dr. Montero swims three times a week.

"LESSONS OF LEADERSHIP"

One of the most important management films of the past decade. A must!

Learn the lessons of leadership from two of America's top business executives: Crawford Greenewalt, Chairman of Du Pont, and Howard Johnson, of restaurant fame. Both men are featured in a motion picture version of the popular editorial series, "Lessons of Leadership." This new film has been produced by Nation's Business in conjunction with the Institute of Visual Communication.

The 25-minute film takes the audience on a dramatic, behind-the-scenes visit to the offices of Nation's Business where an editorial conference is in session. The editors then move out for their assignments, capturing on film the revealing backgrounds and business credos of two of the nation's leaders of industry.

SEND FOR YOUR PRINTS TODAY

Fill out and mail coupon with check or money order.

Institute of Visual Communication, Inc.
P. O. Box 268, Scarsdale, N. Y. 10583 _____ 1967

Please send us a print of your new 16mm motion-picture film, "Lessons of Leadership."

- ☐ We are purchasing this print outright \$150
☐ We are renting this film for three days \$15

Days wanted _____ First choice: From _____ to _____
Second choice: From _____ to _____

☐ Payment is enclosed.

NAME _____ TITLE _____
ORGANIZATION _____
STREET ADDRESS _____
CITY, STATE & ZIP CODE _____

COMMERCE SECRETARY FORECASTS NEW ERA FOR BUSINESS

The new Secretary of Commerce, powerfully built, six-foot-two Alexander B. Trowbridge mercilessly humbled some of America's top corporate executives in a tennis tournament at a recent business gathering.

But "Sandy" Trowbridge leaves all aggression on the tennis court.

On the job, the affable young Cabinet officer is emphasizing conversation not confrontation with the business community. He has initiated industry-wide meetings so business and government leaders can discuss and, hopefully, understand each other's problems and viewpoints. He wants to steer clear of the eyeball-to-eyeball encounters that occurred in recent years whenever a major industry had to raise prices.

His rise to Commerce Secretary has been so fast that he's not even listed in the latest edition of "Who's Who." Asked his age recently, he responded with a smile, "I'm 37 and holding." He's the youngest to fill the office.

Before coming to the Commerce Department in 1965 as Assistant Secretary for Domestic and International Business, he was president of Esso Standard Oil Co. of Puerto Rico. He's a cum laude graduate of Princeton University.

In this interview with editors of NATION'S BUSINESS, Secretary Trow-

bridge sketches a new era for business. He talks about new cooperation, about new profit opportunities in solving national problems, about new ways to assure that the statistics so vital to business and government decisions are accurate. He tells about the economic upturn he expects and frankly states what's needed to get more business leaders to take top jobs in government.

Mr. Secretary, what do you see as the business outlook for the rest of the year?

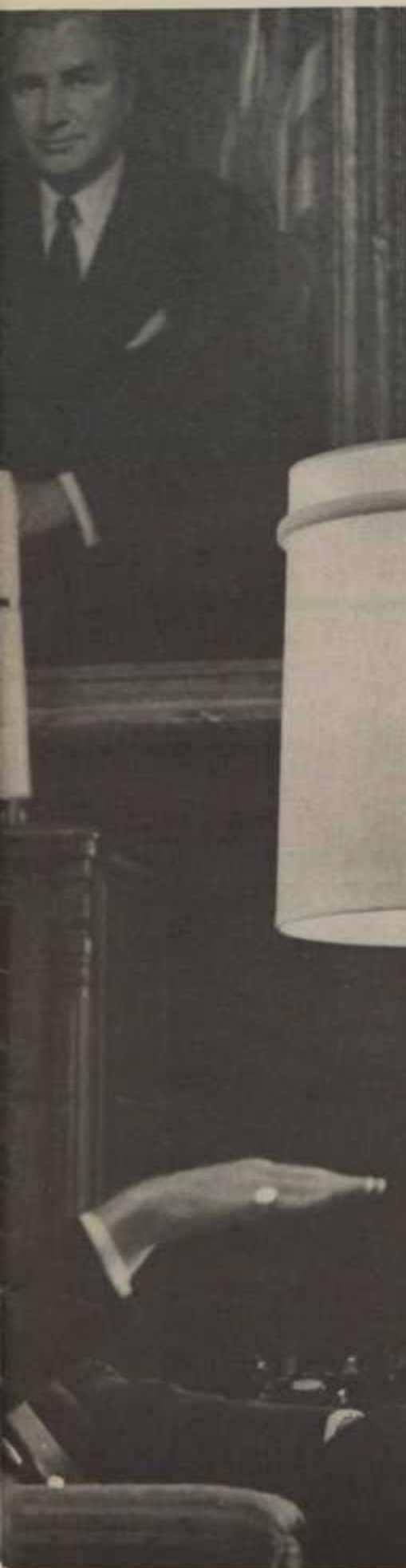
I think we will see a more decisive upward trend in the third quarter and a further strengthening by the end of the quarter or early in the fourth.

The indicators which lead me to predict this are sound: Retail sales are strong, housing is looking better, automobile sales are up, personal income is up, government and defense spending is strong.

And we all ought to realize that we are operating at very high levels of productivity, of employment, of output. I think some people are straining too hard to invent new words. Words like "recessionette" and "mini-recession" don't come close to describing the scenery as I see it.

We are in a strong position. Sure, we've got some tough problems, but





nobody of any substance I know of is talking in terms of a business downturn or anything that ought to be classed as a recession.

What do you regard as the biggest problem facing the nation on the economic front?

I would say there are two: How to sustain growth without inflation and how to reduce our balance of payments deficit.

There is a real need to balance monetary and fiscal policy. Last year we relied too heavily on monetary policy. It was used without appropriate tax measures. The cost of money went up, which the housing industry felt particularly.

If there is a lesson to be learned from that experience, it is that the inflationary pressures we foresee should be dealt with by a better balance of both elements, not just one.

Do you anticipate the voluntary program limiting overseas spending and lending by corporations and banks will be extended or must we have mandatory controls to curb our balance of payments deficit?

The voluntary approach is preferable, and I am quite confident it's the one we will continue to have.

I hope, as do all businessmen and bankers, that its life will be short; but until we are able to get closer to equilibrium, I think the facts of life dictate some sort of program.

I hope we can splice more stimulative measures into the voluntary program.

I hope we can expand our trade promotion work, implement some of the recommendations of the National Export Expansion Council for broadened export financing and export credits.

It's through our trade surplus that we are going to solve this problem. Restrictive measures sooner or later hurt more than they help.

Do you feel you are in the thick of decision-making on economic policy?

Oh, yes. The President told me when he asked me to take this job that he wants me to speak up, speak frankly and speak often—and he said he would listen.

What is the status of federal wage-price guideposts the Administration relied on so heavily last year to try to hold price and wage increases to the rise of productivity?

The principle behind them still lives. What obviously is being played down is the single 3.2 per cent measure as a kind of ceiling on

increases. I doubt that we'll see much of the kind of public confrontation and measurement-taking we saw in '65 and '66.

Well, then, is something replacing the guideposts?

Yes, and I hope it will take the form of greater dialogue between business and government. I think we'll have more meetings of the type we recently had with chief executives of companies in the nonferrous metals industry.

This was the first meeting of its type. There have been other meetings with industry, but they have usually arisen from a crisis atmosphere.

We are aiming to discuss problems of mutual interest before they become hot. At the metals meeting, we went through a whole series of problems the industry faces and we got a much better understanding of their basic problems of manpower, investment requirements, return on investment.

Through Gardner Ackley (chairman of the President's Council of Economic Advisers) we described how the government saw the overall economic picture and where some of the pressure points were going to be.

No decisions were reached, nor were there any planned. But I think the net effect was a healthy exchange of views.

When these companies look at their particular price or wage problems I think they will have a little better feeling of our concerns, and I know our understanding of the problems they face is much better.

We plan more of these meetings with other industries. They keep the lines of communication open. They offer a chance to talk things out before they become issues of confrontation.

Could this be described as a kind of "early warning system?"

In a way, yes.

Beyond this, do you have any other specific plans for bringing government and business together?

One thing I would like to see is more people from business taking government jobs.

But I don't think it's going to happen until we take another look at some of our conflict of interest laws, which sometimes appear to assume guilt on the part of anybody who takes a public service post.

You practically have to lay bare your soul as well as your private holdings. All this for maybe a year



Commerce Secretary Trowbridge: It's no mini-recession; government can't solve

COMMERCE SECRETARY FORECASTS NEW ERA FOR BUSINESS *continued*

or two, or three of public service.

I think there are enough people who would do an honest job but who can't afford to sacrifice all they've built up over the years, that we ought to be able to make assumptions of honesty instead of guilt.

This is an opinion I have formed because I have tried to recruit businessmen for government.

I think it's good experience for a man to get into government at one point or another in his life. I think he is a better businessman as a result of it and the government benefits from his outlook and experience.

One thing that has always struck me in traveling over Europe is the envy of my counterparts in European governments for our system which allows people to move in and out of government. Theirs, of course, is a very rigid career public service concept in which very few people other than the politically elected get into top positions of government from the outside.

Mr. Secretary, there's criticism from private economists about the statistical reliability of various economic indicators. Are you trying to get more and better statistics?

This is a constant responsibility. But I don't know of anything we could put into effect today that would double the accuracy of our numbers tomorrow.

I think we have come a long way in our ability to identify which indicators are the most important, how best to get the right numbers and how to project a small sampling into a large projection.

Along with the economic indicators, don't you also have an econometric model that makes forecasts?

Yes. I engage in banter with the fellows who talk the language of econometrics. It's a word I hadn't even heard of before I came to this city.

When they talk about an econometric model I have great visions of a black box where you push a button and out comes a blueprint of the economy.

I am assured there is no such black box, but there is a program. It's a method of injecting certain raw data, which when related to historical data, comes out in terms of a computer projection for a given period ahead.

We are now dealing with fair ac-

curacy on a quarterly basis for the year ahead. In other words, our current econometric model could give you projections for such indicators as unemployment, gross national product, personal income and expenditures for the third quarter of 1968.

Is this model used to help determine fiscal policy?

To the extent that it projects GNP and other vital factors, yes. But it's used primarily as a cross-check against projections ordinary mortals make.

Mr. Secretary, how would you characterize business-government relations today?

That's a very difficult question because the business community is made up of a vast variety of good solid individuals, each with his own ideas about things.

I do think that the interrelationship and the interdependence of business and government grows every day. I think that the business community's response to governmental requests for help has been very often superlatively good.

For example, business support for



problems by itself; national problems provide a market for profit-making.

the balance of payments program has been terrific.

I sent out letters to 900,000 businessmen asking for their help in hiring young kids for summer jobs and got a wonderful response.

I think business response to the export promotion program has been particularly good.

There is bound to be a number of areas where government policy doesn't sit very well with individual businessmen. This is fine because it means we still have a democratic system working. But by and large I would think the relationship is a far healthier one than it was five or 10 years ago.

Will you give us your views on profits?

I think they are great. I am serious about that.

The whole economy is built on profit. It's the motivator. It's not a dirty word at all. It's a very fine word and we ought to be proud of it.

You have been urging business to consider the potential profits in trying to solve some of today's socioeconomic problems. There's plenty more that business can do isn't there?

Yes. First, I have to make a couple of basic assumptions. One, I am convinced the management techniques which have worked so well in the private economy can be used to solve some of the stubborn national problems. And two, so much money is involved that there must be room for profit-making by private enterprise.

Take a look at the projections for housing from now until the year 2,000. Expenditure estimates are in excess of \$2 trillion. That is a fantastic amount of money, and somewhere in that expenditure should be wide-awake businessmen solving a national problem.

Look at what some companies are already doing in slum clearance and urban renewal. It's exciting and there is a market for lots more.

Government isn't going to solve such problems by itself. We haven't got the capability.

Since President Johnson's proposed merger of the Commerce and Labor Departments has been at least postponed, do you envision any new role for the Commerce Department?

No. We have certain legislative responsibilities we are charged with

fulfilling. I think our sense of where we go from here has been helped by an analysis we made during the merger proposition.

How can business make sure its voice is heard at the highest levels in Washington?

It already is, really.

Cabinet members, the President himself, the Vice President, key leaders in Congress are in frequent contact with business people. At my swearing in ceremony I remember Arch Booth (Executive Vice President of the National Chamber) came through the line. The President knew exactly who he was, spoke to him and asked what he thought of such-and-such a problem.

The President very often will call upon members of the Business Council, for example. There are key business people always sitting with and being heard by key government leaders.

The smart businessman is the one who speaks up. He will be listened to.

I think sometimes businessmen tend to be a little reticent to speak up. They shouldn't be. **END**

LAVISH WELFARE SCHEMES AHEAD

Here's the grand strategy welfarists are now mapping

- A guaranteed job with the government for anyone who can't find work elsewhere.
- Annual income for anyone who can't or shouldn't work.
- Socialized medical care that would drastically alter the private practice of medicine.
- "Improved income distribution" that would take more money out of your pocket by making the federal income tax rates much steeper.
- Social security for the young, financed out of general treasury revenues.

These are but a few of the specific goals of an army of welfare warriors. Some of them are in welfare worker lobbies, some are labor unionists, some are academicians, some are in government.

They are battle-hardened veterans willing to fight future skirmishes to win their war.

They are working on interim goals now to grab ground nearer their ultimate objectives.

While the chieftains map strategy, legions of welfare recipients tramp the streets on what are workdays for other Americans, demanding "rights and respect"—and more money.

There's diversity in approach among the chiefs. The stated goal is to eliminate poverty; the means toward that end demand investigation.

Says cigar-chomping Leon H. Keyserling, chairman of the Council of Economic Advisers during part of the Truman Administration and now a consulting economist and attorney:

"The United States is so rich that everyone should be living above the poverty level; this should be considered a nationwide univer-

sal right, a complement to the right to vote."

Declares the New York-based National Association of Social Workers, Inc.: "We have the resources in the United States to abolish poverty for the first time in human history and to do so in a decade."

Mr. Keyserling agrees, saying if we follow his directions, we can do it by 1975.

Start toward Utopia

For some, an interim goal is enactment of President Johnson's proposed 20 per cent increase in social security benefits. This social security measure is now being debated in Congress. It would be financed by raising the wage base and the tax rate charged employers, employees and the self-employed.

While disagreeing with some parts of the Administration package, the AFL-CIO is supporting most of it, calling it a "down payment on our long-term objective—a 50 per cent increase in benefits, all across the board."

Walter Reuther, United Auto Workers president, wants a general increase of at least 50 per cent in benefits, with a monthly minimum of \$100 and extensive liberalization of medicare.

Wilbur Cohen, who for years led the drive for medicare, is now Undersecretary of Health, Education, and Welfare. He has his own timetable for erasing poverty. If we accelerate efforts already begun we can cut the government's present poverty figure of 17 per cent of the population down to less than 10 per cent by the mid-70's and virtually eliminate it in the following decade, he says.

Leaning back in his chair, looking through half-glasses, Mr. Cohen tells NATION'S BUSINESS the first priority is to eliminate poverty among the aged. "You can't argue it's beyond our financial ability. It's feasible, it's practical, but if you don't feel it can be done all at once, scale it over several years." He'd do this by increasing benefit checks.

One controversial way Mr. Cohen would raise the money is to tax the employer on a percentage of the employee's entire earnings. The tax presently applies only up to \$6,600. He would, however, still apply a base to the employee's contributions. So the concept of equal sharing of the tax by employer and employee would end. The employer would pay the lion's share.

Mr. Cohen disagrees that social security is becoming too socialized. "It's a real defense of the private enterprise system," he contends. "It relieves people of anxieties, encourages them to take risks, to be creative."

Of all the plans forwarded, the most ambitious is spelled out in a document called the "Freedom Budget," prepared for the A. Philip Randolph Institute. Mr. Randolph is president of the Brotherhood of Sleeping Car Porters.

The budget was drawn up for Mr. Randolph by Mr. Keyserling. But its basic objectives and broad outlines have been endorsed by more than 180 organization leaders, clergymen, academicians, including Harvard economics Professor John Kenneth Galbraith, United Steelworkers of America President I. W. Abel, Dr. Benjamin Spock, national chairman of the Committee for Sane Nuclear Policy, and Rev. Martin Luther King, Jr., president of the Southern Christian Leadership Conference.

To attain his objective of eliminating poverty by 1975, Mr. Keyserling places greatest stress on guaranteed full employment for those who will work and guaranteed annual income for those who don't.

Up to the "gummint"

He says it's the federal government's responsibility to create jobs for the millions of people who can't find work in private enterprise or with state and local governments.

For those who can't work because they're disabled or don't work because they're retired, or for some other reason, he would create a guaranteed income floor. This

might start at \$3,600 a year for a family of four, he says. But he adds, "This is a matter of detail."

To any who doubt we can afford such generosity, Mr. Keyserling assures that all this and more can be accomplished by accelerating the economy's growth rate.

"Freedom budget" spending by 1975 is projected at \$173 billion a year, but this figure couldn't be expected to hold still since the figure had to be raised \$18 billion in just four years because of inflation.

When the guaranteed annual income is working, he and others promise, the patchwork of public assistance programs could be eliminated. But before that, they should be fattened.

Welfare already is fat—both in number of recipients and in dollars handed out. In 10 years, the number of people on relief has increased 50 per cent to 8.2 million, while the cost has skyrocketed nearly 120 per cent to almost \$7 billion.

Guaranteeing every family say \$5,000 a year would cost about \$40 billion.

To help the elderly, he says, is simple. "We have had the (social security) system since 1935. The envelopes are all addressed. All you have to do is put bigger checks inside. We ought to double these benefits within five years."

Others, including the National Association of Social Workers, agree a doubling is needed.

The NASW and other groups like it spread their wings beyond social welfare to world affairs. For instance, among its objectives for 1967, NASW lists an end to the bombing of North Viet Nam, negotiations with all the parties to the war, including the Viet Cong, and admission of Red China into the United Nations.

The next big goal

The welfare warriors clearly are pointing toward a program of national health insurance. Enactment of federal medicare two years ago was a breakthrough they had been fighting for for years.

Look at what's happened since and what's going on right now and you can detect the welfare grand strategy.

Jerome Pollack, formerly of the United Auto Workers and now on Harvard's faculty, counts five stages in the evolutionary process of new programs.

First is the breakthrough. In the case of medicare, it was the 1965



It was a working day for most, but not for welfare recipients who used the day for protests.

law expanding social security to hospital benefits for elderly.

Second comes the implementation period. Part of medicare went into operation a year ago; other parts, the first of this year.

Third is the second-stage legislation. This is aimed mostly at getting the bugs out of the breakthrough legislation and broadening it a bit. This is about where we are now with medicare.

Fourth comes a period when detailed plans are laid but big legislative pushes deferred.

And fifth is broad, new legislation. And if the welfare warriors have their way, this means national health insurance for all.

Labor unions, including the AFL-CIO, have long had this as a goal. But for now, they're trying to expand medicare to cover the permanently disabled under age 65, the cost of drugs and medicines for the elderly. They also want to eliminate the deductibles a patient must pay before medicare starts paying.

And they would deny doctors the right to bill patients directly. Instead a physician would have to seek reimbursement from the government.

They rant that present private practice is wasteful, isn't working. Their prescription: Group, clinic-type practice.

Leo Perlis, director of the AFL-CIO's department of community services activities, preaches: "Doctors and organized medical people need to take into consideration that they are not in business—that they are out to practice medicine."

Jack up taxes

Another aim of some welfarists is "improved income distribution."

The "freedom budget" says, "We should make the federal income tax much more progressive than now." This means putting even more tax burden on middle- and upper-income taxpayers.

The present "maldistribution" is labeled "intolerable."

After proposing higher taxes for all but the poor, Mr. Keyserling maintains that his whole program "would not subtract from the income of anyone."

He thinks it's unfortunate we had a tax cut a few years ago. He would rather have stimulated the economy with increased federal deficit spending.

"If we had thrown \$20 billion into the streets and let the people scramble for it, we would have stimulated the economy for awhile, and the distribution probably would have been more equitable than under the actual tax reductions."

Another proposal gaining popularity among the welfarists is that of Prof. Merton C. Bernstein of Ohio State University. He would grant social security payments to the young poor. This money would come out of general revenues, appropriated by the Congress, with the expectation that a youth supposedly would "pay back" the benefits in the form of social security taxes over his working life.

Prof. Bernstein is skeptical of the so-called "negative income tax," an idea of University of Chicago economist Milton Friedman to make payments to those whose income falls below a certain minimum. Dr. Friedman proposes that his negative tax replace most existing welfare programs.

Hand out doles

Organized labor, federal officials and many academicians are of the opinion that perpetual subsidies laddled from general revenues in the Treasury will be needed if social security is to play the vastly enlarged role they envision.

While the chieftains lay strategy for long-range goals and battle for such interim goals as a \$2 minimum wage, welfare recipients demand more money.

Earlier this summer, with the help of the National Welfare Rights Movement, they demonstrated in scores of U. S. cities. In New York, they chanted "More money now." In Philadelphia, it was "Millions for the moon—pennies for us," and "Welfare is a right, not a privilege."

END

EXCLUSIVE SURVEY PINPOINTS:

LATEST WHITE-COLLAR SALARIES

The average American white-collar worker now makes \$91 a week, or \$4 more than in 1966.

This average includes 13 kinds of white-collar jobs from mail clerk to secretary.

Office workers involved in data processing, a rapidly growing field, make far more money. Their average weekly pay is \$123 in the United States, \$102 in Canada.

These statistics come from the latest annual survey of the Administrative Management Society. This authoritative survey is based on recent reports from more than 8,700 business firms in 139 U. S. and Canadian cities that employ 652,445 white collar workers. The results are published at this time exclusively in NATION'S BUSINESS.

This year's survey also covers seven key data processing positions for the first time.

Many white collar workers, of course, make much more than the average pay for their job type. Pay also varies considerably from region to region, and even city to city.

Average U. S. weekly salaries for other clerical and secretarial jobs surveyed by AMS are:

Mail clerk-file clerk, \$71.

General clerk (junior), \$80; (senior), \$97.

Accounting clerk (junior), \$90; (senior), \$112.

Bookkeeping machine operator, \$82.

Offset duplicating machine operator, \$91.

Telephone switchboard operator, \$84.

Typist-clerk, \$78.

Stenographer (junior), \$83; (senior), \$96.

Secretary (junior), \$101; (senior), \$116.

Average weekly salaries for office workers engaged in data processing are:

Key punch operator (junior), \$80; (senior), \$91.

Tabulating machine operator (intermediate) \$103.

Computer operator (intermediate) \$112.

Programmer (junior), \$136; (senior), \$166.

Systems analyst (intermediate), \$173.

The AMS survey also shows:

- The 40-hour work week is still standard for most U. S. firms (68 per cent of those reporting); 29 per cent have a shorter work week; three per cent, longer.

In Canada, 79 per cent of the firms surveyed work less than 40 hours.

- Three out of four (77.6 per cent) U. S. firms pay white collar employees for time worked in excess of 40 hours weekly.

In Canada, one out of two (55 per cent) pay overtime after 40 hours or the basic work week.

- Employers are granting white collar workers more and more paid holidays.

Some U. S. firms (27.2 per cent) give six paid holidays; others (21 per cent) give seven, or eight (24.2 per cent); many (27 per cent) give nine.

This year, less than one per cent say they grant fewer than six paid holidays vs. seven per cent last year.

Many Canadian firms (97.8 per cent of those surveyed) give eight paid holidays or more.

- Vacation, little or no change.

Most firms give one week after

six months service; two weeks after a year; three weeks after 10 years.

Canadian firms pay less than those in the United States for comparable work, the AMS survey reveals.

Clerical workers there average \$75 weekly versus \$91 in this country.

However, their average wage also rose \$4 weekly over last year—the same amount in dollars as U. S. employees doing the same work.

Canadian data processing employees averaged \$102 weekly, vs. \$123 for American data processors.

In the United States, pay rates vary greatly from region to region for the same work.

White collar pay scales generally are higher in the West and on the East Coast. For example, in the Western United States the average is \$78 weekly for a mail clerk-file clerk; \$119 for an accounting clerk; \$123 for an experienced secretary; \$98 for a key punch operator and \$181 for a systems analyst.

These figures are all well above the national average. East Coast pay scales hew close to it.

The 1967 white collar salary survey is the twenty-first in the annual series carried out by the Administrative Management Society.

AMS cautions that judgment is required in interpreting and evaluating jobs and salaries reported in the survey and making comparisons with individual firms.

The job descriptions AMS uses, for example, are wide enough to take in a good sample of employees with like duties. They may or may not jibe exactly with the duties of employees in your office or organization.

Other factors that must be considered are company location, availability of applicants, working conditions and fringe benefits.

White collar workers do not usually move from city to city for better pay.

Employers normally compete for this kind of worker only with other firms in their immediate industrial area or city.

AMS provides a detailed breakdown of white-collar pay scales, job by job and city by city, in its 1967-68 Directory of Office Salaries. It is available at \$24.50 from the Administrative Management Society, Willow Grove, Pa.

On the facing page is a summary of regional average pay scales for the 13 clerical-secretarial and seven data processing positions covered in the AMS 1967-68 survey and job descriptions used by AMS.

1967	MAIL CLERK-FILE CLERK	GENERAL CLERK-B	GENERAL CLERK-A	ACCOUNTING CLERK-B	ACCOUNTING CLERK-A	BOOKKEEPING MACHINE OP.	OFFSET DUPLI. MACHINE OP.	TELEPHONE SWITCHBOARD OP.	TYPIST-CLERK	STENOGRAPHER-B	STENOGRAPHER-A	SECRETARY-B	SECRETARY-A	KEY PUNCH OPERATOR-B	KEY PUNCH OPERATOR-A	TAB. MACHINE OP. (INTERMEDIATE)	COMPUTER OP. (INTERMEDIATE)	PROGRAMMER-B	PROGRAMMER-A	SYSTEMS ANALYST (INTERMEDIATE)
TOTAL U.S.	71	80	97	90	112	82	91	84	78	83	96	101	116	80	91	103	112	136	166	173
Eastern U.S.	71	78	97	87	111	85	91	84	77	81	94	102	119	79	91	100	111	137	166	173
E. Central U.S.	71	79	97	93	115	85	94	88	78	86	98	103	117	80	93	106	114	137	169	176
W. Central U.S.	68	76	93	86	108	79	87	81	76	81	90	95	111	76	87	100	109	136	162	166
Southern U.S.	67	78	93	87	109	75	87	79	74	80	93	96	110	77	87	99	106	130	159	173
Western U.S.	78	91	104	98	119	90	98	90	86	92	104	109	123	92	98	114	121	144	175	181
CANADA	55	65	90	76	103	67	74	66	61	65	77	84	94	64	77	86	92	114	135	149

1967 JOB TITLES AND DESCRIPTIONS

MAIL CLERK-FILE CLERK

Circulates office mail, delivers messages and supplies. May process incoming or outgoing mail and operate related machines and perform other routine duties. Keeps correspondence, cards, invoices, receipts or other classified or indexed records filed systematically according to an established system. Locates and removes material upon request and keeps records of its disposition. May perform other clerical duties which are related.

GENERAL CLERK B (Junior)

Performs clerical duties in accordance with established procedures requiring judgment in the selection and interpretation of data. Job requires a moderate amount of prior experience and considerable supervision.

GENERAL CLERK A (Senior)

Performs complex and responsible clerical duties requiring independent analysis, exercise of judgment and a detailed knowledge of department or company policies and procedures related to work performed. Minimum supervision required.

ACCOUNTING CLERK B (Junior)

Checks, verifies and posts journal vouchers, accounts payable vouchers or other simple accounting data of a recurring or standardized nature, reconciles bank accounts, etc.

ACCOUNTING CLERK A (Senior)

Keeps a complete set of accounting records in a small office with or without the use of an accounting machine, or handles one phase of accounting in a larger unit which requires the accounting training needed to determine proper accounting entries, prepare accounting reports, analyze accounting records to determine causes of results shown, etc. May direct work of junior clerks or bookkeepers. (However, excludes supervisors and persons of policy-making levels.)

BOOKKEEPING MACHINE OPERATOR

Operates a bookkeeping machine to record business transactions of a recurring and standardized nature, where proper posting has been indicated or is readily identifiable. May balance to control figures.

OFFSET DUPLICATING MACHINE OPERATOR

Sets up and operates offset-type duplicating machines. Cleans and adjusts equipment but does not make repairs. May prepare own plates and operate auxiliary equipment, and may keep records of kind and amount of work done.

TELEPHONE SWITCHBOARD OPERATOR

Operates a single or multiple position PBX telephone switchboard. May keep records of calls and toll charges, and may operate a paging system and perform duties of receptionist.

TYPIST-CLERK

Types letters, reports, tabulations, and other material in which setups and terms are generally clear and follow a standard pattern. Performs clerical duties of moderate difficulty. May prepare stencils or offset masters.

STENOGRAPHER B (Junior)

Transcribes from dictating equipment, or records and transcribes shorthand dictation involving a normal range of business vocabulary. May perform copy typing or clerical work of moderate difficulty incidental to primary stenographic duties. May operate as a member of a centralized stenographic service.

STENOGRAPHER A (Senior)

Performs advanced stenographic duties which require experience and exercise of judgment. Transcribes from dictating equipment, or records and transcribes dictation of more than average difficulty which regularly includes technical or specialized vocabulary or frequently supplements transcription with the drafting of finished work from indicated sources, records, general instructions, etc.

SECRETARY B (Junior)

Performs secretarial duties for a member of middle management. General requirements are the same as for Secretary A (listed next), but limited to the area of responsibility of the principal.

SECRETARY A (Senior)

Performs the complete secretarial job for a high level executive or a person responsible for a major functional or geographic operation. Does work of a confidential nature and relieves principal of designated administrative details. Requires initiative, judgment, knowledge of company practices, policy and organization.

KEY PUNCH OPERATOR B (Junior)

Operates an alphabetical or numerical key punch machine to record pre-coded or readily usable data following generally standardized procedures. May verify the work of others, using a verifying machine.

KEY PUNCH OPERATOR A (Senior)

Operates an alphabetical or numerical key punch machine or verifier to record or verify complex or un-coded data working from source material which may not be arranged for key punching. Selects appropriate number and kinds of cards. Follows a pattern of operations generally standardized but frequently including rules, exceptions and special instructions which demand operator's close attention. Frequently required to decipher illegible source documents and be able to assist in preparing new ones.

TABULATING MACHINE OPERATOR-INTERMEDIATE

Sets up, operates and wires a variety of punched card equipment, including tabulators and multipliers. Wires boards from diagrams prepared by others for routine jobs, uses prewired boards on complex or repetitive jobs. May locate and correct job difficulties and assist in training less experienced operators.

This work is performed under specific instructions and may include some wiring from diagrams. The work may involve tabulation of a repetitive accounting exercise, a small tabulating study, or parts of a longer and more complex report.

COMPUTER OPERATOR-INTERMEDIATE

Operates computers utilizing established programs or programs under development. Selects proper tape, loads computer and manipulates control switches on console in accordance with established instructions. Observes lights on console, storage devices, etc., reporting any deviations from standards. Detects nature of errors or equipment failure and makes normal console adjustments. Maintains operating records such as machine performance and production reports.

PROGRAMMER B (Junior)

Assists in the review of analysis of the preparation of the program instructions under direct supervision. Fairly competent to work on several phases of programming with only general direction but still requires some instruction for other phases. May prepare on his own the block diagrams and machine logic flow charts. Codes program instructions and prepares test data, testing and debugging programs. May also assist in the documentation of all procedures used through the system. Experience of trainee required for entry to this position classification.

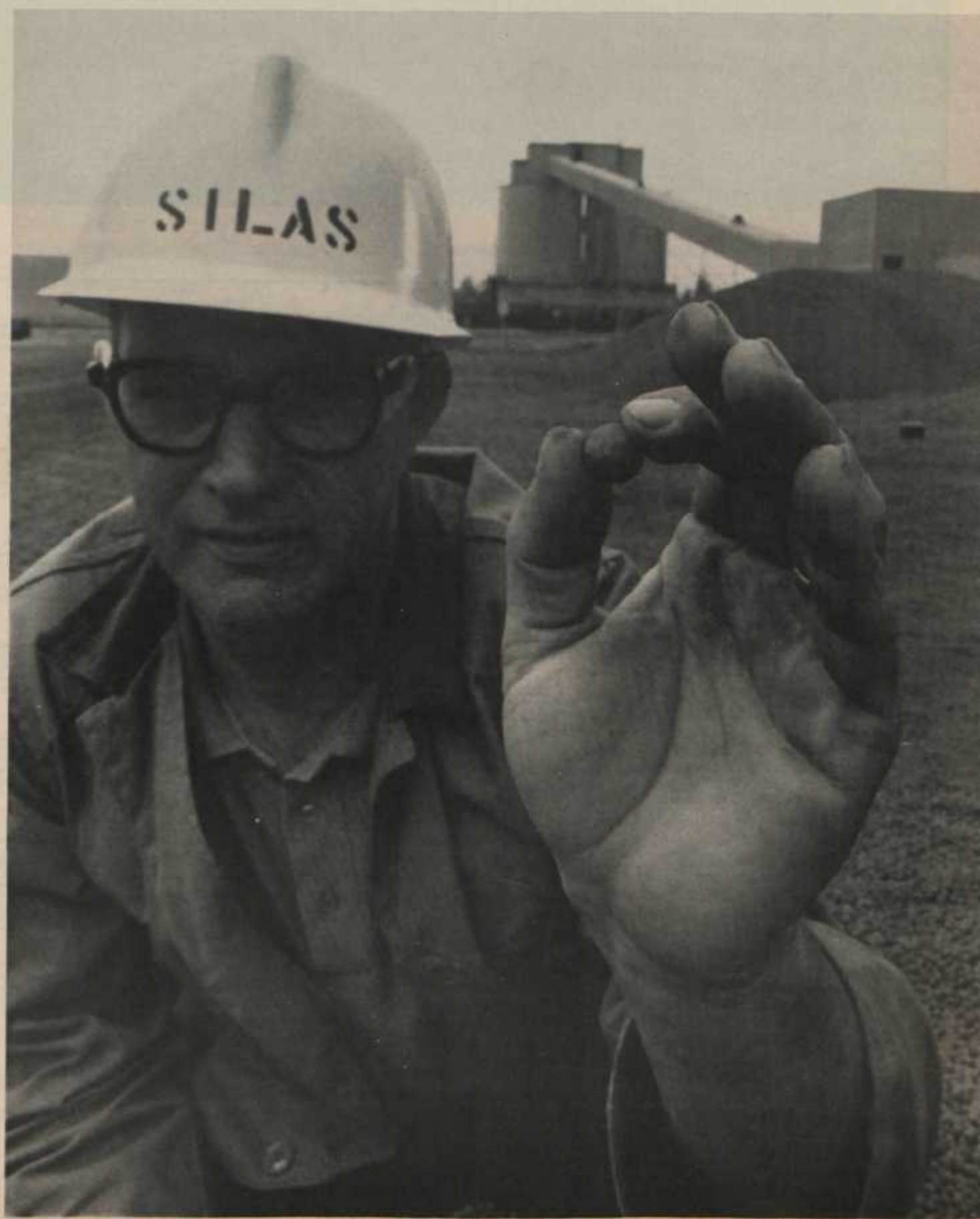
PROGRAMMER A (Senior)

With general supervision, analyzes and defines programs for electronic data processing equipment. Is generally competent in most phases of programming to work on his own, and only requires general guidance for the balance of the activities. Conducts analyses of sufficient detail of all defined systems specifications and develops all levels of block diagrams and machine logic flow charts, codes, prepares test data, tests and debugs programs. Revises and refines programs as required and documents all procedures used throughout the computer program when it is formally established. Evaluates and modifies existing programs to take into account changes in systems requirements. May give technical assistance to lower level classifications. Normally progresses from this classification to Lead Programmer.

SYSTEMS ANALYST-INTERMEDIATE

Under close supervision, assists in devising computer system specifications and record layouts. Is qualified to work on several phases of systems analysis, but requires guidance and direction for other phases. Conducts studies and analyses of existing office procedures and prepares systems flow charts for existing and proposed operations. Under instruction prepares computer block diagram and may assist in the preparation of machine logic flow charting.

BILLION-DOLLAR



COMEBACK

Up at the Coates Hotel in the iron-range country of northeastern Minnesota they have their own traveling salesman story with a billion-dollar twist.

Many representatives of out-of-town firms were long absent during the years of decline in the region's iron-mining industry. Now they have again become regulars at the hotel's Hob Nob bar. The region is again a place where you can sell. And that's the story.

Private investment of hundreds of millions in new mining facilities—with more committed to follow—is revitalizing this once hard-hit region. And the region learned an important economic lesson the rest of the nation should heed.

The current upturn in northeastern Minnesota substantially involves a hard, iron-bearing rock called taconite and the process of converting it into high-grade pellets for the steel industry.

In one way, it's a story of staggering investment, increased business for supporting industries, creation of "satellite" industries, stabilized employment, higher payrolls and returned prosperity.

In another, it's a political development, a vivid example of widespread public commitment to private economic progress, reflecting recognition of industry's importance.

The upturn may represent a foretaste of far more of the same if prospects for developing another resource—copper-nickel—pan out.

Northeastern Minnesota has a warning for other areas enjoying a prosperous one-crop economy: It's not enough. That's why some leaders are seeking industrial diversification to stem a continuing outflow of young residents and to end dependence on a resource-based economy.

The reason is not hard to find. Before the current upturn it was a bumpy ride downhill.

Minnesota, which once had a virtual monopoly on iron-ore production, shipped a record 70 million tons in the early 1950's. Its biggest iron range—the Mesabi, Indian for "sleeping giant"—in the northeast normally accounted for 90 per cent of the total.

As reserves of high-quality natural ores became depleted, however, state-wide production slumped to 47 million tons in the early 1960's. Eugene P. Pfeider, professor of mineral engineering at the University of Minnesota, says total direct employment by iron producers dropped from 19,000 in 1957 to 11,400 in 1963.

Adds a 1966 study done for the Northeastern Minnesota Development Association:

"During the past 10 years, operations of 211 iron-ore mines in Minnesota have been shut down because they had exhausted their high-grade, economical-to-mine ores.

"The closing of the mines cost 12,000 miners their jobs, the region was plunged headlong into hardships of severe unemployment, businesses failed and towns virtually disappeared."

Taconite and taxation

Meanwhile, research had been under way for years to find economical ways to mine and process taconite, fine iron particles in rock so hard that jet piercers with a flame at 4,300 degrees are used instead of drills to make holes for blasting.

Professor E. W. Davis at the University of Minnesota School of Mines, known as the "father of taconite," had been at work since 1913. Industry pioneers included U. S. Steel, Erie Mining Co. (owned by Bethlehem, Youngstown Sheet & Tube, Steel Company of Canada and Interlake Steel Corp.), Reserve Mining Co. (now owned by Armco Steel and Republic) and Hanna Mining Co.

They found a way to mine the

ore, crush and grind it to the fineness of flour, concentrate it by magnetic separators, roll it into pellets and fire them—producing a manageable feed of better than 60 per cent iron for blast furnaces.

Key developments included:

U. S. Steel's Pilotac processing plant, starting production in 1953 at a cost of \$50 million, annual capacity of a million tons and 500 employees.

Reserve's facilities, starting in 1955, costing \$315 million, producing 10 million tons with 3,100 employees.

Erie's facilities, starting in 1957, costing \$300 million, producing 7.5 million tons with 2,400 employees.

Taconite had arrived.

But there was a hitch. Taconite has been found elsewhere, and industry was reluctant to go all out in Minnesota with its tradition of heavy taxation of mining, a hang-over from the days of substantial monopoly.

"The real problem was that the people of Minnesota were basking in a fool's paradise," H. E. Westmoreland, a spokesman for the iron-mining industry, says.

Anytime the state wanted to balance its budget, the easiest way was to sock the industry.

According to the Northeastern Minnesota Development Association (NEMDA), state and local taxes are the "largest single cost of mining iron ore."

High taxes, plus the high cost of taconite facilities—about \$100,000 for each job created—served as a powerful deterrent to investment.

Several efforts were undertaken to change the tax picture, including a proposed constitutional amendment in the 1961 legislature that failed in part, said the industry, because "there was no commitment by potential taconite producers—no company would promise to build a plant if the amendment passed."

Lawmakers and people act

A lot had changed by 1963, when the legislature approved overwhelmingly a constitutional amendment designed to limit future tax increases on taconite to the levels ap-

Iron-rich taconite pellets bring economic resurgence to Northeast Minnesota mining range, with billion-dollar investment under way. Worker shown is employed by the new Eveleth Taconite Company.



Wheel reclaimer scoops pellets from stockpile for shipment by conveyor, rail and Great Lakes ore boats.

BILLION-DOLLAR COMEBACK *continued*

plied to the state's manufacturing corporations.

Then came the job of winning support in a referendum in the 1964 general election, no mean feat. Constitutional amendments require a two-thirds affirmative vote of all those voting in an election.

A bipartisan, blue-ribbon citizens committee headed by Dr. Charles Mayo, then chairman of the board of regents of the University of Minnesota, campaigned vigorously for the amendment.

Key figures included leaders of the United Steelworkers, the state Federation of Women's Clubs, state chairmen of both political parties, high elected officials and other prominent citizens.

Steelworkers lobbied other elements of the state AFL-CIO. Vice President Hubert Humphrey, then a Senator, took the floor of the Democrat-Farmer-Labor Party convention to help swing its support.

(Mr. Humphrey first met Chairman Roger Blough of U. S. Steel in Washington for a strategy session on the amendment.)

Mr. Westmoreland, whose advertising and public relations firm was

deeply involved in the campaign, remarks how all segments of community leadership got in the act:

A committee of mayors from iron-range-communities was at work; Rotary Clubs collected campaign contributions; the Chamber of Commerce in East Grand Forks distributed handbills door to door.

TV stations ran industry documentary programs; there was a Taconite Day at a Vikings football game; pro-taconite jingles were broadcast on radio; sports celebrities urged a vote on the amendment.

Professional groups pitched in; industries serving the taconite industry—safety shoes in Red Wing, motors in Minneapolis; adhesives in St. Paul, rail cars in Fairmont—ran "taconite supplier" banners up their flag poles.

A petroleum company made pro-amendment bumper stickers available to motorists through its gas stations.

In short, the public got a quick, total immersion course in the realities of economic development, one which Mr. Westmoreland's statewide opinion surveys indicate brought about a "turning point in

economic attitude—fighting for the investment dollar."

In fact, this new attitude has been credited with helping along a later tax provision designed to promote copper-nickel development.

Says Philip Hanft, Duluth attorney representing International Nickel Co., Inc.: "A lot of the spadework for copper-nickel was done in the taconite campaign."

Industry responds

And what came immediately after.

On Nov. 4, 1964, the day after the passage of the taconite amendment by an overwhelming 1,272,590 to 204,133, U. S. Steel announced a \$120 million facility with a capacity of 4.5 million tons and a payroll of more than 1,000. It starts partial operation within the next two months.

Direct investment in taconite facilities, spent since 1953 or planned through the late 1960s, amounts to a whopping \$1 billion and represents 35 million in tonnage capacity and more than 10,000 jobs.

Other facilities completed, nearing completion or planned include ex-



Publisher Eugene McGuckin (right) and industrial developer Eric Jones push for long-term diversification.



Soaring power demands are seen by Axel Herbert, head of region's Minnesota Power and Light Co., which is expanding its facilities.

pansions by Reserve and Erie, a new mine and processing plant of the Eveleth Taconite Co. (a joint venture of Ford Motor Co. and Oglebay Norton Co.), Butler Taconite (National Steel and Hanna Mining Co.) and Jones & Laughlin.

There are estimates that investments will reach \$1.5 billion by 1975, \$2 billion by 1990.

A large number of related industries have expanded or established new plants, including:

- An Abex Corp. plant to produce wear-resistant alloys for taconite processing, with an investment of \$3.2 million and payroll of 150-200.
- A Hallett Minerals Co. plant to process bentonite, a binder used in the concentrating process.
- A Dow Chemical Co. explosives plant costing \$1.5 million and employing 50.
- A Union Carbide facility producing liquid oxygen used for jet piercing of ore beds prior to blasting, a tire retread company and production by U. S. Steel of steel rods for ore-grinding processes.

Prosperity returns

What it amounts to is a solid,

steady return of prosperity to the six-county northeastern Minnesota region, NEMDA Executive Vice President J. Eric Jones, points out.

To C. Glenn Rye, president of Northern City National Bank of Duluth it means an increase in deposits from \$68 million at the end of 1961 to \$98 million today, largely an indirect result of taconite.

He cites an increase in auto loans (counter to the national trend), new home construction—the first since the 1950's—and an intangible: "People just feel good about everything."

"It has really been the salvation of our company," adds President and Board Chairman, Axel Herbert, Minnesota Power and Light Co.

Taconite production, with its great energy demands, has boosted Minnesota Power and Light Company's capacity already by 25 per cent and brought about tie-in and pooled sales arrangements with adjacent utility systems.

One problem now is how fast and how far to expand further capacity, depending largely on trends in taconite.

Hanging in the balance is a decision to build a conventional power plant, fueled with North Dakota lignite and costing \$53 million, or a nuclear plant costing \$100 million.

The catalog of evidence of progress is endless, including recent completion of an \$8.5 million taconite-handling facility—with a two-mile-long conveyor—at the Great Northern Railways' complex at nearby Superior.

One improvement is hard to measure—stability. Unlike conventional mining and processing, taconite operations run round the clock, year around, without the traditional three and four-month seasonal layoffs.

More to come

Then there is copper-nickel. "It would be a whopping booster shot on top of the recent shot in the arm by taconite," says P. K. Sims, director, Minnesota Geological Survey.

International Nickel is sinking an experimental shaft to determine feasibility of undertaking copper-nickel operations on holdings near

Ely, in the iron-range area.

If a yearlong study gives encouragement, INCO plans a \$100 million project, with 1,500 construction jobs and 1,000 production jobs, an \$8 million annual payroll and \$20 to \$25 million in new economic activity generated.

Copper-nickel already got a boost from the state legislature which this year approved a corporate earnings tax on the industry, reflecting the economics of this particular type of mining.

Thousands of acres of copper-nickel deposits are under lease by mining companies.

Despite this picture, diversification is very much a goal of two-year-old NEMDA.

"It takes time to develop a diversified economy," says Eugene McGuckin, associate publisher of Duluth's two newspapers.

Past president of NEMDA, he sees a resource-based economy as a bulwark of prosperity during a long-term, "professional" approach to industrial development.

Washington muscles in

Ironically, at a time when prospects in northeastern Minnesota never looked brighter, the Commerce Department's Economic Development Administration is plunging ahead with the "economic development district" approach to assistance in NEMDA's area.

This brackets the newly prosperous areas with remaining pockets of unemployment, making the entire region eligible for various federal subsidies.

The development is resented by people like Mr. Rye, who told NATION'S BUSINESS: "I think we'll have a better economy as soon as we can get off it and have an economy that can function without government funds."

Mr. McGuckin, by contrast, expressed a form of approval, based on the fact that the development district will be run by local representatives. "It [his approval] is based on the assumption that the feds are going to be in it anyway."

"If so, let's have the dough spent on something other than purely political grounds." **END**

**Move it,
lift it,
load it,
dig it,
mow it,
build it up,
or tear
it down**

Nobody offers as many man-savers

Would you spend 55 horsepower on a routine landscaping job? Not usually.

Would you do production loading with 36 hp? Not usually.

Nor would you mow with 45 hp, use a backhoe with 13 hp, or spend big power on a light blade.

But whatever the main work you want from a tractor, you do usually have a very specific horsepower need, don't you?

That's the very simple reason International Harvester makes 26 different tractors—to fit every possible horsepower need. Nobody else in the world can say that.

Tractors? With International you get your choice of 26 models from 7 to 126 horsepower.

You can pick from twelve different fork lifts, up to 28 feet. Thirteen different dirt-moving attachments. Six loaders. Three backhoes. Every kind of mower from flail to cutter-bar. Plus snow removal equipment. Yes, and several dozen other attachments for specialized jobs.

And every rig—big, little or in between—is backed by the experience gained from 4 million earlier IH tractors.

Make sure your IH dealer knows exactly what you need on your job. He's the one man who can make sure you get it.



INTERNATIONAL HARVESTER COMPANY
The people who bring you the machines that work



9 cu. yd. self-loading International E-200 elevating scraper.



12-hp Cub Cadet with hydrostatic drive and 48" rotary mower.

and money-savers as **INTERNATIONAL HARVESTER!**

International and Cub Cadet are trademarks registered by International Harvester Company, Chicago 60611.



International 2424 tractor with box scraper-scarifier.



International 3800 Backhoe/Loader with 4-wheel drive.



International 28-foot fork lift.

ROOTS OF UNION POWER part one

WHERE LABOR THROWS ITS WEIGHT AROUND

Many Americans today are fed up with labor unions.

To them, Big Unionism stands for strike troubles, inconveniences, higher prices, loss of service, irresponsible leadership, disdain for the public, political pressures, shameless racial policies, disregard for the rights of individual workers and disinterest in whether businesses live or die. To some, unionism even connotes corruption, violence and underworld ties.

Union power has been swelling for more than three decades. Most unions keep growing in size, affluence and influence. Union bosses' arrogance is directed at management, individual employees and sometimes even government officials. Now and then their ire is aimed perversely at the very freedoms in which they've flourished.

This month, NATION'S BUSINESS begins a three-part series examining the excesses of union power. The author, Associate Editor Walter Wingo, specializes in labor-management affairs.

Mr. Wingo tells how union power is running rampant. He puts the finger on the real source of union power. And he lays out what can be done to bring more reason and justice to American labor relations.

Long-faced witnesses carrying bulging briefcases jogged in the summer heat from one side of Capitol Hill to the other a few weeks ago. Committees in both the House and the Senate were desperately pondering what to do about still another big union crisis: The threat of a nationwide rail strike.

It was high time, editorials declared, that the President read the riot act to the unions.

Meanwhile, thousands of labor union officials were gathered in the swanky Washington Hilton for a convention. President Johnson motored up Connecticut Avenue to the hotel to talk to them.

The President stood sternly at the podium, studying the sea of union officials before him. It was a tense moment.

Suddenly a big smile arched across the President's face. He spoke of his happiness at being there and of his disappointment that Vice

nd CONSTRUCTION TRADES DEPARTMENT AFL-CIO



The President kept a vital date with officials of the AFL-CIO's Building and Construction Trades Department.

President Humphrey was not beside him. He explained that the Vice President was still in the hospital recovering from a minor operation.

"I don't have to tell this audience of Hubert Humphrey's lifelong dedication to the cause of organized labor," the President drawled, "but I did think you might be interested in some of the reports that I have been receiving from Bethesda Naval Hospital.

"The Vice President wanted to know if the surgeon had a union card. . . .

"He inquired if the operating room was an open shop or a closed shop. . . .

"He constantly referred to the head nurse as the shop steward. . . .

"He checked carefully to see that his hospital room number was not 14-B." (That's the section of the Taft-Hartley labor law protecting workers in some states from being

forced to either join a union or lose their jobs.)

"The Vice President, in fact, is such a firm believer in organized labor," the President continued, "that about a month ago I asked him to lend a hand in organizing the Congress."

The union men howled and slapped their thighs. The President was just joking, of course. But underneath they sensed a vital message. The election campaign dollars and the "labor vote" which union bosses keep boasting they can deliver still command the respect of people who matter in Washington.

Union power mounts

Unions continue gathering power both in the political circles of Washington and at bargaining tables throughout the land. Union power over the lives of American workers, businessmen and consumers threat-

ens to swell even more in the future.

"Unions today," says Guy Farmer, former chairman of the National Labor Relations Board, "are the most powerful private institution that exists in our society."

This power, he claims, springs mainly from special favors and privileges handed unions by state and federal legislatures and administrative agencies for more than three decades.

Unsurprisingly, unions don't keep their clubs in the closet. Many political scientists say unions hold an iron-fisted grip on Congress and only an enraged public could get Congress to repeal the special advantages that have put union power at an all-time high.

Until such advantages are removed, they say, there can never be justice in labor-management relations.

Labor union membership is surging once again. Unions are pump-



Strikes by garbage workers are typical of recent union tendencies to goad the public into demanding quick settlements in the unions' favor.

ing record amounts of money and effort into organizing white-collar workers, farmhands and public servants.

While the Justice Department is clamping down on business mergers, unions, in efforts to monopolize labor markets, are merging freely. Congress and the courts have virtually immunized unions against antitrust action.

Net worth—\$4 billion

Unions continue to build up fantastic wealth in collected dues (about \$75 million a month), pension trusts and real-estate holdings—all tax free. Total union wealth has been estimated at more than \$4 billion.

Union investments alone are multimillion dollar businesses that include hotels, motels, banks, transit lines, apartment buildings and life insurance firms.

With so much capital around and so little accounting to the rank and file required, unions are still in the center of investigations into big time crime in America.

At the Teamsters convention in Miami Beach last year, many officers and delegates prefaced their remarks to the floor by summarizing their police and prison records.

"Thank God that my wife, my brothers, my sisters, my father and my business agents and my members elected me when I was still in the hoosegow, . . ." exclaimed delegate Frank J. Matula, Jr., of Local 396, Los Angeles.

"To clear it up for the delegates and everyone," elucidated Tim Richardson, secretary of Local 85, San Francisco, "I might have seen the inside of a lot of jails at times, but, for the press, I was a policeman for 10 years. . . ."

Not to be outdone, delegate Patsy Crapanzano of Local 27, New York City, said, "I wasn't going to get up, but I want everybody to know that I, too, was convicted. . . ."

"I stand up as a minority," delegate Henry G. Butler, Sr., of Local 730, Washington, D.C., said modestly. "I haven't been arrested or convicted yet of a traffic ticket. . . ."

Just last June, author and drug investigator Margaret Kreig told astounded Congressmen that some union officials are involved—against the will of their general memberships—in black-market racketeering of medicines.

Some unions are still under fire, too, for their rigid racial policies. Civil rights leaders visited union halls in many cities recently pleading that young Negroes be allowed into apprenticeships. Their pleas were mostly in vain.

Union bosses still enjoy the power to compel obedience from members who want to complain or otherwise exercise their individual rights.

Recently six union members at the National Biscuit Co. in Chicago crossed a picket line. They had decided that the company's offer of wage and benefit improvement was fair, and they wanted to return to their jobs. Local 300 of the Bakery

Workers union retaliated by expelling the six workers and fining each \$1,000.

Unions also fine and expel members for missing meetings, exceeding union production quotas and supporting efforts to decertify the union as their bargaining agent.

Some union officials think nothing of bargaining away their members' rights or using dues for purposes that have not been approved by the membership.

Is it really bargaining?

Union power at the bargaining table has burgeoned so much that the president of one company says it's almost laughable to call the process "bargaining" any more. It is more management listening quietly to union bluster and demands.

Too many owners have learned that true collective bargaining is impossible when one side can impose its will on the other—as unions are prevailing upon management.

Often only one union and a small segment of a business is involved in a dispute with a firm. But a strike by that union can cause the entire operation to grind to a halt. The results are settlements that are cutting into owners' rights to run their businesses, adapt to competitive pressures or adopt technological improvements.

Many small businessmen seem hopelessly outgunned and outmanned when matched with a wealthy union monopoly that can paralyze an entire industry. Sixty international unions have huge war chests for financing long strikes. One strike fund contains more than \$60 million.

In the United States, unlike some foreign countries, there are no labor courts to settle disputes over negotiation of contracts.

Theoretically the great motivation for settling labor disputes is the realization that a strike costs the company profits and the employees wages.

But the cost to the employees of going on strike no longer is so great. In the printing trades, for example, union members can do almost as well on strike as they can working. During walkouts many find jobs at other shops on the sly while still drawing strike pay.

In New York State, strikers also qualify, after a short period, for unemployment compensation which, of course, is paid for by the employers.

Strikes are no longer confined to wage disputes. Unions now walk out over such issues as subcontracting, proposed plant moves, crew sizes and continuation of unnecessary jobs.

New union tactics

Many unions are perfecting what they call "coordinated bargaining." In this, several unions gang up on a single employer when it comes time to negotiate new labor contracts.

It is now a common sight to see lunching together officials of rival unions within the AFL-CIO monolith. Often they'll be accompanied, too, by representatives from the Teamsters Union, which had been exiled for 10 years from AFL-CIO councils.

Unions have some 80 coordinated bargaining projects in progress.

The Industrial Union Department of the AFL-CIO is even calling on computers to aid them in bargaining. Here's one way it will work:

Suppose the owner of a business tells a union negotiator why he can't meet the union's demands. The negotiator excuses himself and hustles to a phone.

He relays the owner's comments to a man at the union's data center in Washington.

The man feeds the information into a computer which already is crammed with facts on finances, structures and product lines of hundreds of firms. The computer also contains details of all Labor Board elections in the past six years.

In seconds the computer coughs up a whole spiel of counter-arguments for the negotiator, replete with tailored statistics.

There are indications that union power is setting up a cost wave throughout the U. S. economy. Recently negotiated wage gains have on the average been the highest in 20 years, going far beyond previous rises.

In Pittsburgh, steel executives looked over their cost reports recently and shook their heads. Unions were forcing them to continue paying record wages to thousands of unneeded, featherbedding employees. How could they compete with foreign steel?

Such union wage pressures, economists warn, are encouraging Americans to invest overseas, rather than at home. They increase the drain on the nation's gold reserve. They distort the business cycle, and they

VOLUNTEER YOUR TALENT



Hidden talent can be found in every community—yours included! Scratch the surface and you may find vitally needed skills . . . ones needed to build and plan your city's future.

Your local chamber of commerce has done much through the voluntary efforts of business men and women to make your city a better place to live. But it can do more—if you'll add your special talents to those already on the job.

Putting talents to work is a specialty of your chamber. Its action programs affect your home, your business and your community . . . all at the same time.

Why not volunteer your "hidden talent" for the good of your community. You'll be glad you did.



PETE PROGRESS

Speaking for the local chamber of commerce in your community

push us into still greater spasms of inflation.

Meanwhile, the number of strikes keeps climbing. This year strikes exceed those of any past comparable period.

The public's the target

Many of the strikes, moreover, seem to be directed against the public. Within the past 20 months the public has been saddled with strikes against the transit system of New York City, 60 per cent of the nation's airline service, several major newspapers, buses on the West Coast, television networks and groups of teachers, nurses, garbage-men and even police and firemen.

The Viet Nam War did not prevent unions this year from striking the Newport News (Va.) Shipbuilding and Drydock Co., where five nuclear submarines are being built, and the Colt Firearms Co., sole maker of the M-16 rifle. Nor did military supply needs stop the Machinists' Union from shutting down the nation's railroads in July.

Serious strike threats have loomed in trucking and the manufacture of engines for military helicopters.

Unions reason that when neutral citizens are thus inconvenienced, they pressure the government to force businesses to succumb to union demands.

Look at one drawn out case, the victim of the country's longest strike—the Florida East Coast Railway. Unions have been striking it since Jan. 23, 1963. Employees who chose to continue working have been beaten up and their homes have been shot into. The firm's trains have been dynamited off their tracks.

Florida East Coast's President, W. L. Thornton, says:

"The public should become aware that the growing trend is to direct strikes against the public and cause them as much intentional harm as possible.

"Unions' plans are to render the public helpless by halting the country's railroads; by tying up shipping; by shutting down steel mills; and by striking against fire departments and hospitals. In such situations, the public is held hostage by the power of the labor unions making demands upon industry."

But it is in politics that union muscle has dealt its strongest blows.

Last month AFL-CIO officials took part in ceremonies at the Puget Sound Naval Yard for the commis-

sioning of the USS Samuel Gompers. They spoke many fine words about how the warship would fight for peace as did her namesake, the founding president of the AFL.

But even as they spoke, the unionists were mocking Samuel Gompers' most persistent advice: Steer clear of entanglements with government. He claimed unions would be most fair and effective if they relied solely on their economic strength, not their political pull.

Where they swing weight

By the time of the New Deal, however, unions were swarming into politics like flies at a garbage pail. And politicians took the "labor vote" most seriously.

Political analysts predict that as the one-man, one-vote principle takes hold, the specific gravity of the ballot in highly industrialized areas will rise. And unions will swing still more weight.

During political campaigns, union offices across the land are almost empty of staffers. The employees are sent out to work for the union-endorsed candidates, taking along union cars, microphones and printing equipment.

Union lobbying has stepped up, too.

In an effort to keep the federal Maritime Administration in its pocket and out of the new Department of Transportation, the Maritime Trades Department of the AFL-CIO, in a single week this year, spent \$17,000 on telegrams to Congressmen.

Not all Congressmen, of course, ascribe to the roman circus approach to vote-getting. Some still refuse to cower before the unions' political onslaughts.

One morning last June, for example, Georgia's Rep. Fletcher Thompson, was besieged by construction union officials demanding that he vote for H.R. 100. This bill would greatly expand union power to pull secondary boycotts at construction sites.

That afternoon Rep. Thompson wrote the following letter to the president of the Atlanta Labor Council:

"I do not appreciate the threat and intimidation you used in order to attempt to coerce my vote against what I consider to be in the best interest of all individual working people in my district.

"You state that you are now raising \$40,000 to defeat me in the

next election because I will not support the above legislation.

"I shall reaffirm to you that I will not bow to your threats and intimidation or abuse, and regardless of how much money you may raise to give to my political opponent, I shall continue to work for the best interest of all the people in my district and shall not bow down to the threats of a few.

"I certainly hope that after you left my office and our somewhat heated discussion, you had a second thought about the threats you made and realize that it is in your interest, as much as all union members, to have a person in Congress such as myself, who will work for the legitimate well-being of all individuals."

Big political spenders

Unions spend fortunes of workers' money backing candidates, lobbying in executive and legislative halls, getting out voters, putting on TV and radio shows and engaging in other forms of politics. It's not surprising that the biggest political spender in the country turns out to be the AFL-CIO.

Last year the AFL-CIO assessed its members a nickel a head to build up an extra election campaign fund of \$850,000.

And it was all free from taxes.

The Internal Revenue Service, on the other hand, cracks down on any political action by tax-exempt organizations that unions tag as anti-union.

One such group is the National Right to Work Committee. It is against requiring people to join unions in order to keep their jobs. For 10 months before the 1966 election, federal revenue agents crept about the Committee's small offices in Washington. They went through the group's books and carefully watched its actions in attempts to turn up evidence of political activities.

During this time, only a few miles away, Charles Della, president of the Maryland-District of Columbia AFL-CIO, publicly announced that his union group would contribute \$200,000 to the campaign of the violent opponent of right-to-work, Carlton Sickles, for Governor of Maryland. No Internal Revenue action was taken against the union group.

Other branches of the Administration also have felt the power of the union political arm.

The AFL-CIO has had a running feud with J. P. Stevens and Co., the country's second largest textile maker. Union bosses are angry because the firm's employees have consistently voted against joining the Textile Workers Union of America, AFL-CIO.

George Meany, AFL-CIO president, pressed Labor Secretary Willard Wirtz to do something about J. P. Stevens. Last May the Labor Department, without official explanation, canceled two job training pacts it had with J. P. Stevens.

The AFL-CIO has also been pressuring the Defense Department to "get" J. P. Stevens, since military uniforms are the firm's main product. Union bosses figure that cancellation of Defense Department contracts would throw most of Stevens' employees out of work.

The Labor Department and the Administration kept a "discreet" silence, too, during last year's transit strike in New York City.

But after the settlement was finally reached, the President blasted the city's concessions to the union as inflationary.

Luci's union label

The reach of union power knows no bounds. President Johnson's daughter, Luci, announced last year that she had picked Priscilla of Boston to design and make her wedding dress.

Immediately, the President got a call from Louis Stulberg, president of the International Ladies Garment Workers Union, AFL-CIO, and David Dubinsky, its president emeritus. The union men complained that Priscilla was a non-union firm.

The President sprang into action. He let Priscilla finish designing the gown, but he ordered that the dress be made by a unionized plant in Lowell, Mass.

When Luci walked down the aisle, there, stitched securely on the side of her dress—just under where the zipper closes—was a union label. **END**

[Next month: How government has fattened the unions.]

REPRINTS of "Roots of Union Power, Part I—Where Labor Throws Its Weight Around" may be obtained from *Nation's Business*, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 30 cents each; 50 to 99, 25 cents each; 100 to 999, 15 cents each; 1,000 or more, 12 cents each. Please enclose remittance with order.

Before you make your next move



check on a Dixisteel building

No matter what type of business you are in, if you plan a move to larger quarters or expect to enlarge your present ones, make your first move a call on your Dixisteel building dealer.

Find out how little it costs to have column-free interiors that give you a free hand with floor plans... Perma-Color panels that make exteriors bright and beautiful... pre-engineering and precision manufacturing that assure low first cost and minimum maintenance.

Get the facts. Compare costs. Check the quality. See your Dixisteel building dealer. It can be the best move you ever made.



ATLANTA, GEORGIA

A subsidiary of
Atlantic Steel Company

CONSULT THE YELLOW PAGES — OR MAIL THIS COUPON

Dixisteel Buildings, Inc.
P. O. Box 1714, Atlanta, Ga. 30301

328

- ☐ Please send me complete information on Dixisteel Buildings
☐ I am interested in a dealer franchise

Name _____

Address _____

City _____ State _____ Zip _____

SOME DEALER FRANCHISES STILL OPEN

WHY MYTHS ABOUT PUBLIC DEBT HURT US

Our huge public debt is the most neglected aspect of the federal finances.

In fact, various myths have led much of the public to forget or disregard the consequences of continual debt increases.

The subject of our nation's debt received almost no attention in the latest federal budget or in the President's Economic Report.

Congress deals with it only when the transparent farce of raising the debt ceiling occurs. Then an opportunity is provided to build a partisan record of criticism or support for Administration fiscal policies.



Several weeks ago the Republicans did lead a move to force the Administration to reduce its plea for a new ceiling of \$365 billion. But it was never in doubt that the ceiling would have to be raised enough to cover the debt.

The reason for an increase of public debt is, obviously, an excess of expenditure over revenue. This state of affairs is at times useful, even necessary.

Borrowing enables a government to mobilize financial resources more quickly than is possible through taxation, and it thus permits prompt, vigorous action in dealing with an actual or impending crisis.

It is contended that the rise of the gross national product has been much faster than debt increase and hence that the burden of debt has declined in relation to the nation's ability to bear it.

The growth of GNP may be evidence that we can afford more expenditure for both public and private purposes. This is no proof, however, that as our affluence increases it is necessary to rely on borrowing to finance the public services. On the contrary, we

This argument to minimize the importance of public debt is as old as Adam Smith. He refuted it on the ground that a substantial amount of the British debt was owned abroad. Today the reply rests on other grounds. That part of the federal debt held by foreign investors is small in relation to the total.

Taxation and payment of debt interest would have

The issue of the economic benefit of public debt has been controversial for a long time. At one extreme is the contention that public debt is an addition to the nation's capital. This view was vigorously stated by Jay Cooke, a banker employed as chief bond salesman during the Civil War.

The opposite position was taken by Adam Smith, who said that the funds obtained by public borrowing were diverted from income already in existence and hence did not constitute an addition to capital.

The primitive state of commercial banking in the late Eighteenth Century accounted for Smith's description of debt financing. The development and immense growth of the bank credit system has provided a market for government debt paper much larger than the current income of private investors. These changes in debt marketing do not, however, make the debt an addition to capital.

A distinction should be made between financial and economic capital. The former includes bank accounts, stocks, bonds, mortgages, etc. The latter includes

However, federal borrowing has not always been confined to emergency conditions, and debt policy has not always been accompanied by prudent restraint in fiscal affairs. On the contrary, fiscal policy has been influenced in recent years by the doctrine that continuing prosperity can be achieved by manipulating taxation and borrowing. The result has been a series of deficits and a corresponding increase of debt over the boom period that began in 1960.

The major rationalizations now advanced to persuade the people not to worry about debt increases are these:

should be increasingly able to support these services out of current income.

The argument that budget policy should be dictated by our affluence begs the question in another way. Instead of a greater need for public services with growing prosperity, this need should be less.

Rapidly increasing wealth and incomes should render the citizens less, rather than more, dependent on government.

a neutral effect if every taxpayer were to receive interest proportionate to his tax payment. Such, obviously, is not the case. Many taxpayers own no debt securities and from their standpoint as individuals, they are carrying a part of the annual interest load with no offsetting return flow. As a group, they owe it to another group, not to themselves.

what has been called "the concrete apparatus of production." It is obvious that the paper titles to wealth or income mentioned above have no value except as they are based upon and definitely related to the productive apparatus.

They are the legal basis of claims to income or assets but they do not produce the income nor do they create the asset value. They are not capital in the economic sense. This is equally true of a government bond, which has value only because of legal authority to collect taxes and a governmental organization capable of exercising that authority. With the collapse of the Southern Confederacy, its bonds become worthless.

The many varieties of title to equitable interest are indispensable to the orderly allocation of management functions, degree of liability, and income generated by the productive process. The money supply, consisting largely of intangible bank deposit credits, performs a lubricating function essential to the smooth working of the productive apparatus like that performed by oil in an engine. The oil is necessary to the operation of an engine, but it is not part of the engine.
(continued on next page)

HARLEY L. LUTZ, the author of this article, is Professor Emeritus of Public Finance, Princeton University.

WHY MYTHS ABOUT PUBLIC DEBT HURT US *continued*



Another argument used to play down the burden of the debt is based on a distinction between debt held by the public and that held in the Federal Reserve Banks and the government trust funds.

It is said that the carrying cost of these nonpublic debt holdings is an intragovernmental transaction which has no effect on the tax load.

Interest is paid on Reserve Bank debt holdings out of the revenues collected from taxpayers. A large part of all Reserve Bank earnings, including interest receipts, is recaptured by the Treasury, leaving only statutory dividends on Reserve Bank stock and stipulated transfers to surplus account.

The later steps are intramural. But the first step, which is collection of taxes to be sent on this roundabout journey to the Treasury, is not painless.



The official attitude toward interest on the public debt has always been influenced by the old-line Populist emphasis on cheap money.

In this view the government is entitled to a preferred standing in the market and privileged to set both the interest rate at which it will borrow and the price at which its debt paper will be sold.

The ceiling of four and one fourth per cent on Treasury bonds established in World War I has been retained for 50 years. Debt paper maturing in up to five years is not subject to this restriction and in con-



In the long controversy over debt policy there have always been some who demanded a regular, consistent effort to retire the public debt completely. The immense total makes attainment of such a goal impossible.

Much more moderate objectives also have been rejected.

At the same time we cling to the tradition of debt redemption at maturity. This tradition obviously ap-

PUBLIC DEBT DOESN'T HURT THE DOLLAR



Finally, the effect of debt increase on the dollar as a domestic and world-wide monetary unit should be considered.

Since 1939 more than half the value of the dollar has been eroded away by inflation.

It is no defense to say that personal incomes, for many individuals and in the aggregate, have increased faster than the erosion loss. The beneficiaries have been those who have been able to exert leverage to increase income as an offset to inflation. The large and growing number whose only income consists of fixed payments of interest or pensions have not been able to share in this kind of prosperity.

The inconsistency of a war on poverty and a fiscal policy of continued inflation is obvious. The periodic

Federal Reserve Bank holdings of public debt also play an important part in the regulation of the money supply. Such holdings have been acquired mainly through market transactions. By purchases or sales of debt paper, the Federal Reserve Open Market Committee regulates the volume of member bank reserves and thus the ability of these banks to create demand deposits through loans and investments.

The Reserve Banks holdings of federal securities have gone up sharply in recent years.

The case of debt held in trust accounts is somewhat different. This part of the debt has been built up over the years by collecting more from contributors to old age, unemployment compensation, railroad retirement, Civil Service and other purposes than has been paid out to eligible beneficiaries.

The anomalous situation of a surplus revenue giving rise to debt occurs because the excess collections cannot be hoarded in the general fund. The money is used, along with other receipts, to pay current expenses. It is, in effect, borrowed from the contributors.

This part of the debt is represented mainly by special nonmarketable issues.

Interest on fund-held debt is not paid in cash but by delivery of additional debt paper. It is not, therefore, a current burden on taxpayers. But it is a claim against future taxes in the event that there must be liquidation to meet fund obligations.

The fiscal '68 budget estimate of total federal securities in the trust funds, exclusive of investment accounts and the highway trust fund, is \$61.7 billion.

sequence the Treasury has issued an inordinate amount of bills, certificates and notes.

In 1967 the Ways and Means Committee refused to eliminate the ceiling of four and one fourth per cent on long-term debt, but proposed an extension of maturity to seven years for paper to be excluded from the limitation.

The rise of interest rates during 1966 may have been triggered here by Federal Reserve action taken for the purpose of curbing inflation. However, neither inflation nor rising interest rates has been limited to

the United States. Both phenomena are world-wide. The only reasonable explanation is a world-wide shortage of capital.

In our case, despite growing affluence, the drain on our resources to support a costly war and a steadily expanding array of nondefense activities has reduced the ability to provide for capital formation on a scale commensurate with the need. The remedy is not higher taxation but a reduction of spending to a level that will permit resumption of capital formation on a larger scale.

plies only to individual holders of particular issues, not to the debt as a whole.

Actually, what we now have is a perpetual debt. The entire principal will never be finally and totally redeemed. Some have proposed that the perpetual character of the debt be recognized by converting it into no-maturity obligations. Thereafter, the debt burden would consist of the interest charge only which is, in effect, the case today. Further borrowing

would then be done by selling new obligations at the market price. The speculative risk would be increased under this scheme. Today, the buyer of a long-term Treasury bond assumes the risk of losing, through inflation, a substantial part of the purchasing power of his investment if held to maturity. If the debt consisted of no-maturity obligations, his risk would include the possible difference between cost and selling price in addition to the inflationary erosion.

increase of social security payments has become a kind of official recognition of uncontrolled inflation.

Our inflationary policy, which has been applied in boom as well as in recession, cannot be viewed by the rest of the world with other than alarm. The spectacle of the world's richest nation tolerating, even promoting, the depreciation of its currency cannot be expected to sustain foreign confidence in the stability of the dollar.


Failure to establish some sort of equilibrium in foreign payments has led to loss of more than half of the peak gold stock. The net dollar holdings of foreign governments and central banks are large enough to clean out the remaining gold stock if exercised. These foreign dollar holdings are not part

of the debt subject to the statutory limit but they are one of its most significant components.

The most insidious aspect of the public debt and of the policy of deficit financing, which is the source of debt increase, is the whipsaw effect of inflationary expansion and the erosion of value induced by the inflation.

Every great inflation has been caused by excessive expansion of public credit in one way or another. As more and more units of debt paper are created, they become worth less and less in relation to real output. Eventually, the slate is cleaned by repudiation. This outcome is still a long way off here. But there is neither equity nor justice in a fiscal policy that intentionally travels this road.

END



Chief trade negotiator tells:

WHERE WE GO FROM HERE

The Battle of Le Bocage, better known as the Kennedy Round, was a four-year marathon of tariff cutting waged by scores of countries over a mahogany table in a vine-covered Swiss villa named Le Bocage.

In many ways it was a U. S. victory. The Common Market scored some points. On the whole every nation won something.

Now that the Kennedy Round is history, NATION'S BUSINESS asked Ambassador William Roth—the chief U. S. negotiator at Le Bocage, to look ahead as to what it will mean to American business for the future.

What comes after the decisions of the Kennedy Round are implemented and new tariff operations are in effect?

The President has asked me to undertake a study looking forward to a major new initiative somewhere down the road.

There are those who think the Administration should come in with a major new trade initiative immediately. I think this would be a

PHOTO: DENNIS BRACK/BLACK STAR



Ambassador Roth and Deputy W. Michael Blumenthal (center) chart future tariff moves now that the Kennedy Round is complete. Further tariff cuts seem in vogue.

mistake. Many things have changed since 1962 when the Kennedy Round was envisaged—further development of regional trade blocs, the development of major two-way trade in items like aluminum and steel, the great outflow of American capital into foreign plant investments. Their meaning needs study before we strike forward on other trade initiatives.

I think a simplistic free trade approach, without further examination, is wrong.

Certainly the policy of the Administration will continue to be towards liberalizing world trade. This has proven tremendously important to our economy.

During the Kennedy Round you worked closely with businessmen in an extra attempt to understand their problems. Will these consultations continue?

Yes, indeed. A new advisory committee will be appointed to assist actively in the study of U. S. trade policy. Also, in connection with that study, public hearings will

be held by the Trade Information Committee, a group composed of officials from the Agriculture, Commerce, Defense, Interior, State and Treasury Departments. We'll use every practical means at our disposal to assure that the public's voice is heard in the formulation of new policies.

Can we expect tariff-cutting to help much in solving our balance of payments deficit?

While our general international payments balance has been in deficit, we have had a strong position in our trade balance. We cannot predict with precision the effect of all countries' tariff concessions on our trade balance. We have every reason to expect, however, that total volume of trade will expand—both imports and exports—and that total U. S. economic activity will get a boost.

What's envisioned in the way of special adjustment assistance for individual firms which are affected by decreases in tariffs?

The present provisions for adjustment assistance in the Trade Expansion Act of 1962 continue in force. However, it is the intention of the Administration to propose to the Congress certain revisions which would make this assistance more readily available to firms and workers. Legislation to accomplish these amendments is now being prepared.

Can we look for further reductions in the nontariff barriers which our products still must face in Europe?

Certainly a central concern of the study we are about to undertake will be how to negotiate effectively the reduction and removal of nontariff barriers—both foreign and our own.

Would you expect an increase in government incentives to export? Such things as export financing, tax incentives to step up exports?

International agreements wisely impose limitations on the type and extent of assistance that governments can give exporters. However,



U. S. and Common Market were often at odds in trade talks. Jean Rey (fourth from left) led Market negotiators. On the final night smiles and cigars marked successful end.

WHERE WE GO FROM HERE *continued*

we shall be exploring whether our exports are on an equally favorable basis with exports of other countries and whether there are new measures which could improve our export performance.

What are the objectives of the Trade Expansion Act and other recent moves by the United States in the field of tariffs?

Objectives of the act were to liberalize world trade on a much larger scale than ever before. Secondly, we wanted to cement Atlantic relations by ensuring that the emerging Common Market would be as outward looking as possible. At the same time tariffs within the Common Market are coming down, we want the external tariff wall also to come down as a benefit to American

businessmen, industrialists and farmers.

The Trade Expansion Act was the basis of the Kennedy Round. President Kennedy envisaged it as a major effort to liberalize world trade. It was the basic law that enabled us to begin tariff-cutting negotiations.

Will there come a time when we will have no tariffs at all?

I would not make a guess on that. But I think we will continue in the direction of lowering tariffs.

What has accounted for Congress's obvious change of attitude toward tariffs? It wasn't so long ago that some politicians based careers on advocacy of protective tariffs.

I think that tariff decreases over

the years have shown how valuable it is to lower them. It has been definitively proven that liberal world trade is a tremendous impetus to domestic economies, including that of the United States.

Certainly there are industries that have problems because of import competition. But over-all, what freer trade has done for this country, for employment, for the economy, I think has been terrific.

There are always a few exceptions. You can still talk to some Congressmen who never ask you, "What have you done to expand exports from my district?" but always, "What did you do to the tariffs in the widget industry."

Should we as a nation be more export-minded?

I think we should be. Certainly in terms of the total American economy, to export from here rather than have plants abroad means more jobs, and does more for the economy.

Which areas of American business do you feel will benefit most from your work in the Kennedy Round?

Really, all industrial exports made substantial gains. And we got something in many of the major areas of agriculture. So I think the benefits are across the board.

One of the important things to come out of this is a very substantial agreement with Canada. Many nuisance tariffs have been eliminated.

Some tariffs were modified in a way that is extremely helpful to us. One major area is electrical machinery, which covers almost half a billion dollars' worth of trade.

A major issue, from the European point of view, was the so-called American Selling Price. This is an obsolete method of tariff evaluation that covers the benzenoid chemicals—which include dyes and certain drugs—rubber footwear or sneakers, knitted wool gloves and canned clams.

The American Selling Price goes back to the time before we entered the First World War. We were running out of dyes; Germany was the major producer.

Congress decided we had to build a viable domestic dye industry, and therefore put in this system of placing the tariff not on export value, which is the traditional method, but on the selling price of the equivalent American article, which could be much higher.

We told the Europeans during our negotiations in the Kennedy Round that we didn't have the authority to negotiate any change in the ASP system, that any such recommendations would have to be kept separate from the Kennedy Round; that we would need action by the Congress.

Outline for us what you plan regarding the American Selling Price.

We will, in the near future, propose legislation to the Congress which would establish new rates of duty for the chemical products presently covered by ASP. These rates, which have been worked out on the basis of extensive study, will provide sufficient tariff protection

for the benzenoid chemical industry. Moreover, the concessions that other countries are pledged to make in return will afford significant new export opportunities for the chemical industry as well as assisting the tobacco and automobile industries.

During the Kennedy Round you won agreement on a new wheat price. Does this affect businessmen as well?

They certainly are involved. American exporting firms, transportation organizations—barge lines, railroads—were quite interested.

The basic price of hard winter wheat at Gulf ports was set at \$1.73 a bushel. This is an increase of 21 cents over the old agreement.

We also made a start on liberalizing trade in farm products. This is important for farmers, exporters and transportation people who deal in tobacco, tallow, canned fruit and many other items.

Will the new food-aid plan you worked out at Geneva mean a wider sharing of the foreign aid burden America has been bearing?

Yes. We agreed to jointly supply approximately four and a half million tons of wheat to the developing countries. The United States will contribute a little over 40 per cent. The Common Market will contribute 23 per cent.

This is the first time we've had this type of sharing on a continuing basis. It has been very much a United States obligation over the years. We were anxious to get others to participate. The agreement will mean, for instance, that the European Community will contribute almost a million tons of wheat.

It also means, from a purely commercial standpoint, that that much wheat is taken off the commercial market. In other words, there will be that much less European wheat for American wheat to compete against in normal world markets.

You negotiated some new antidumping procedures, didn't you?

Yes, and here I believe we achieved the first major breakthrough in the area of nontariff barriers. We were concerned that as tariffs went down, more and more antidumping regulations could be used as substitutes for tariffs.

Traditionally, other countries have moved quickly against imports they thought were being dumped. We've had to have open

hearings. To get relief, a U. S. company has to prove not only that something is being dumped at less than the price charged in this country, but also that the dumping is injurious.

Looking to the future, it seemed terribly important, from the viewpoint of American exporters, that we should tie down a good interna-



Will "Spirit of Le Bocage," named for the Swiss villa where Kennedy Round talks occurred, speed us on toward a world without tariffs?

tional dumping agreement. We were able to do this.

You are regarded as the hero of the Kennedy Round. What did it feel like when you walked out of negotiations in an effort to emphasize your point on chemicals as the deadline approached?

I just felt mad. One of my associates later said, "That was good strategy but perhaps a bit dangerous." And I said, "It wasn't strategy. I got mad."

But the point we were trying to get across was that the time was past when we could afford to play games with each other. Perhaps the little walk I took inadvertently seemed to get across that we meant business.

END

ACCELERATING THE JET AGE

A conversation with William Allen, who rebuilt The Boeing Co. into an aeronautics giant and is propelling America towards supersonic travel

The day before William M. Allen became president of Boeing Airplane Co., the government canceled half of its B-29 bomber production. The next day, most of the company's remaining production was terminated.

World War II was over, and Boeing, except for a few small jobs, was out of business. Sales which in 1945 had totaled nearly \$421 million dropped to \$13 million in 1946. Profits turned to losses.

But Bill Allen didn't panic. He began building for the future. Without a single order, he decided to begin commercial production of an airplane based on the C-97 military transport. The Stratocruiser, as the commercial version was called, lost money. But it kept Boeing in business.

Military orders began to flow again, and then Mr. Allen made the decision that was to move U. S. and foreign airlines into the jet age. Using company funds, Boeing built a prototype to demonstrate the advantages of a high-speed four-engine jet airliner. A military version could serve as a transport and a tanker.

Both versions were a success. The airline ver-

sion, the 707, has fathered a whole family of commercial jets. A medium-range tri-jet, the 727, has been widely accepted. A new, short-range jet, the 737, will go into service later this year, with the huge 500-passenger 747 to follow at the end of the decade. Beyond this, President Johnson has given Boeing the green light to develop a 300-passenger, 1,800-mile-an-hour supersonic transport.

Under Bill Allen, Boeing has prospered. Sales last year were more than \$2.3 billion and the order backlog, nearly \$5.3 billion.

Bill Allen works in his shirtsleeves much of the time and carries a briefcase full of work home on weekends. From the windows of his spartan office in Boeing's Seattle plant, he can look down on an 11,000-foot runway where test flights take off and land, and deliveries of new aircraft are made.

He is almost shy. But he's known as a tough trader, a man with financial courage. Says American Airlines Chairman C. R. Smith, a longtime friend: "You're not going to win any marbles when you trade with Allen."

In the following interview with a NATION'S BUSI-



Should your business loan include personal service?

Why not? Getting the benefit of more working cash is the main idea, of course. But you can also get the benefit of experienced counsel, individual attention, an active contact for further financing . . . all at no extra cost.



That's how Commercial Credit handles business loans . . . whether they involve your receivables, inventory, plant and equipment, or whatever. The man we send you at the outset becomes your man for as long as we work together. He looks at the problem from *your* side of the desk. He helps, as much or as little as you like, to make our money work to *your* best advantage.

Through Commercial Credit accounts receivable financing, for instance, he usually makes *more* money available . . . *more* promptly . . . than other sources can. Borrow thousands or millions, for months or years. Pay only for the dollars you use, only for the days you use them.

We call your proceeds CCCash. It's a very special kind of money. If you'd like some, and the personal service that comes with it, we'll send you the nearest man with the mostest know-how.

Call Commercial Credit

Atlanta 230 Peachtree St., N.E. 525-4938
Baltimore 2315 St. Paul St. MU 5-1400
Chicago 208 S. La Salle St. DE 2-3716
Cincinnati 1003 Carew Tower 721-2962

Los Angeles 722 S. Spring St. MA 4-9431
New York 50 W. 44th St. OX 7-3500
Oklahoma City 120 R. S. Kerr Ave. CE 2-0507
San Francisco 44 Montgomery St. 982-6362



BUSINESS LOANS: Another service offered by subsidiaries of Commercial Credit Company, which has assets of over two and one-half billion dollars.

ACCELERATING THE JET AGE *continued*

NESS editor, Mr. Allen tells about his toughest decisions, traces the rejuvenation of Boeing and lays out some of the qualities he thinks today's executives should have.

Mr. Allen, what did you want to do as a boy?

I wanted to be a lawyer as far back as I can remember.

And you followed that pursuit for a while?

Yes. After college I went to law school. And after that I joined the law firm that represented Boeing Airplane Co.

Before college, you were in the Army, isn't that right?

Yes, it was during the First World War, and I was anxious to get into the service. But I was not yet 18. My parents finally gave their consent and I enlisted in August of 1918. Of course, the war ended in November and I was discharged at the end of the year.

I'm told there's a humorous anecdote concerning your hitch in the service.

I did have some pretty unmilitary characteristics, such as not being comfortable sleeping on an Army cot and getting my aunt to send me a four-poster bed.

How did you, a lawyer, become president of an aircraft company?

Boeing's President, Phil Johnson, died in the fall of 1944. A committee of directors—of which I was a member—looked for almost a year for a new president.

Periodically during this year the other members of the committee would urge that I take the job. I had been associated with the company, as legal counsel, from the time I graduated from law school in 1925.

I became a member of the board of directors in 1930 and, as the years went by, I spent an increasing part of my time on Boeing work. However, I certainly did not consider myself qualified to be president. I said so, and refused to consider the proposal.

I enjoyed practicing law and felt I had a certain competency in it. I had no such feeling regarding the presidency of Boeing.

However, after a year's searching with no results, and with the return from military service of several of my law partners, I reluctantly became convinced I was obligated to give it a try.

In what condition was Boeing then?

Boeing was entirely engaged in wartime production, primarily the B-29. Japan had just surrendered, so the day before I took office the government canceled our B-29 production in Wichita, Kansas. The next day, while I was being elected, our remaining production—which was at Seattle, with the exception of a few airplanes which were practically completed—was terminated.

Consequently the company was, with the exception of a few minor jobs, out of business.

Did you have any second thoughts about having taken the job?

I had many. However, I recognized that with the end of the war there would be virtually no government business for a number of years.

When the war ended, we were turning out 125 B-29's a month at Wichita and the same number at Seattle. We had a large number of employees at both locations, and of course it was necessary to lay off practically all of them and start anew.

Why did you commit the company to producing the commercial airliner, the Stratocruiser?

Well, it was imperative that the nucleus of the organization be preserved; to do this, some work was required. The Stratocruiser for commercial production was the best immediate prospect. It held the organization together until we could get going in other directions.

From a profit standpoint alone, the Stratocruiser wasn't a success, was it?

No, we lost money on the commercial version. However, we were successful in developing the military version into an aerial tanker, and we sold a good number of them over the years. So, although the initial effort was unprofitable, overall the program was successful.

C. R. Smith, chairman of American Airlines, says: "Bill Allen built a commercial jet (the 707) while others were talking about it." What were the factors behind your decision to commit \$15 million of company funds to develop this plane?

Our experience with the B-47, a six-jet bomber, and the B-52, an eight-jet bomber, convinced us of two things: One, the military needed a jet-powered tanker transport

for aerial refueling of its bombers as well as for other transportation. Second, the airlines would buy a commercial jet transport if we could produce one which could make money for them.

We felt we could. So we built a prototype with company funds to demonstrate a capability in both the military and commercial fields.

The 707 really marked your reentry into the commercial aviation business, didn't it?

Yes.

Mr. Allen, how do you make such a decision?

The initial step is to accumulate facts. In the case of a new model airplane, you must consider performance, earning capacity, cost, sales potential and other factors. The facts bearing on these elements must be accumulated by knowledgeable people.

Next comes the exercise of judgment based on the facts. Here you must get the best opinions available. Talk to your top engineers, your manufacturing people, cost estimators, market analysis experts. Examine the resource ability of the company to see the venture through.

Putting all this together, the decision is made as to what you should do.

Of all the decisions you have made in your nearly 22 years as president of Boeing, which do you regard as the most difficult?

I think I would rate two of equal difficulty.

First, the decision in 1948 to refuse to accede to union demands. I was certain this refusal would result in a strike. It did, and the strike lasted four-and-a-half months.

In my view, this decision was a critical one in the company's history because it enabled us to negotiate a new contract, following the strike, that permitted us to deal with our employees on a basis of merit, placing emphasis on performance and rewarding ability.

The second decision of greatest difficulty was recommending to our board of directors that we undertake the 747 project. The magnitude of this undertaking made the decision extremely difficult.

What is your company's technique for coming up with the best product possible?

We strive for the best product

ACCELERATING THE JET AGE *continued*

practicable, but we never achieve the "best product." We are not that good. Everything we do could have been done better with the benefit of hindsight.

Going from there, we endeavor to achieve the best product by the application of the know-how of the people we consider to be best qualified for the particular product we have in mind.

Is the competition between teams within the company a key to this goal?

It may be a factor, yes. We have had, in certain instances, competition between teams within the company. For example, when we were considering building a twin jet, one very important question was: Should the engines be on the wing or at the tail of the plane? Two highly competent teams were formed—one to promote the wing design; the other the rear-engine design. The relative merits of the two designs, as evaluated by the respective teams, were considered. The engines-on-the-wing design appeared to us to be clearly superior on this particular airplane for a variety of reasons.

How do you project a market for a piece of equipment—say the 747—that doesn't yet exist?

Principally by determining what our customers need.

In the case of the 747, the projected growth in air traffic was a highly important consideration. To meet this growth and to achieve lower seat-mile, or ton-mile costs, a larger airplane would be needed. Our designers set about projecting a design that would best meet these requirements, based on engine availability and improved airframe and equipment technology.

Your company won in the competition to build the supersonic transport. Why do we need this aircraft?

Primarily to provide faster transportation. Time is a most precious commodity. If time can be saved safely, comfortably and at reasonable cost—and without unreasonable inconvenience to others—there will be a market for the vehicle making this timesaving possible.

Many travelers—certainly most business travelers—want to reach their destination as rapidly as possible.

When did Boeing start thinking of and planning for the SST?

We started thinking of the SST many years ago in connection with

our subsonic efforts. But we undertook the development of a supersonic transport concept in about 1958.

Are you hopeful that the sonic boom problem can be solved?

The answer to that question lies beyond my competency. I am told that a sonic boom is a physical phenomenon that will exist when there is supersonic flight. The degree of intensity of the boom is affected by various factors, including the size and weight of the airplane, its design, the altitude at which it is flying, the existing atmospheric conditions and the nature of the surface over which the plane flies.

I would expect the principal solution to the sonic boom problem will lie in the manner in which the airplane is operated, the route followed, the altitude at which the sonic boom flights are conducted, and the approach and takeoff techniques.

With the development of the supersonic transport, you are engaged in a cooperative effort with the government. Are we going to see more of such partnerships?

Yes, I expect we will. With the rapid technological developments, the cost of some complicated systems and the attendant risks may be beyond the financial ability of private industry alone. This is the case with the SST. The same situation may arise in the urban transportation field or in the development of a rapid transit system between cities.

Government aid for the SST is really in the form of an interest-paying investment, isn't it?

Yes, that's the concept. The government will get its money back with interest.

You have placed great emphasis on developing management experience at Boeing, isn't that right?

Yes. That's what makes the Boeing Co. go round.

Mr. Allen, what qualities do you think the manager of today and the future must have?

I can state a number of the qualities that in my opinion a modern manager should have. However, capable managers may differ widely in their characteristics, and I would not want to say that the successful manager must have all of the qualities that would appear to me to be important.

With this qualification, I will give you a number of qualities that I feel are quite essential.

He should be decisive. I do not advocate snap judgments, but when—after the required investigation—a decision is called for, it should be made.

He should have a capability to understand people, a sensitivity to their desires, an appreciation of their abilities and an ability to get the right man in the right job.

He should have the quality of leadership. This is an intangible characteristic, perhaps impossible to define. Some have it; some don't.

He should work hard—demonstrate by action rather than words his dedication to his job and the company for whom he works.

He should be honest—forthright. Such qualities will be understood and appreciated by those who work with or for him.

He should not hold himself out as a person with qualities superior to those he possesses.

And finally, he should be articulate and should make full use of the benefits flowing from full communication with those with whom he works, as well as others.

How can you tell if a person has these qualities?

By observation; by his performance of the responsibilities given him; by how he is regarded by those he has worked for and those who have worked for him.

I am told you believe in giving a manager pretty free rein. Is that right?

Yes. That is my intention. I do not mean that on important matters he shouldn't communicate with me so we can exchange ideas. And I would expect that on some matters he would come to me to discuss proposed decisions. But except for that, if he is given a job, I expect him to perform.

What are the advantages of promoting from within the company?

Well, obviously it is better for the morale of the organization to promote from within than without. It demonstrates to the organization the opportunity for advancement.

Second, management should have a better understanding of the man's capabilities if he is already working for the company.

And finally, the man himself better understands the organization, and management is thus more sure that he will fit smoothly into his



With one of the famed Flying Fortresses in the background, Boeing's Bill Allen boards a B-47 jet bomber for 1950 test.

new job than if he had been an outsider.

What one or two things have given you the greatest satisfaction in your business career?

First, witnessing the organization to which I belong assume responsibilities of greater magnitude and difficulty—with enthusiasm, dedication and determination. And second, the opportunity to be associated with a large group of knowledgeable, dedicated men who eat, breathe and sleep the world of aeronautics.

My greatest disappointment is when we lose a competition I feel we should have won.

How do you engender an esprit de corps in a large enterprise such as Boeing?

Ours (which I think is high) comes largely from trying to meet

the challenges provided by the responsibilities we assume. The very existence of the challenge stimulates each of us to do his best to see that it is met and resolved in our favor.

What do you see as the role of businessmen in public affairs?

I feel that businessmen as a group should devote considerably more attention to public affairs than they do. I know some devote a great deal of attention to it, but looking at business as a whole, I think there is certainly not enough attention to this area.

We become so engrossed in what we are doing we lose sight of the fact that we must use at least a fair share of our energies attempting to influence or develop a form of government that is consistent with our democratic principles.

You are pretty proud, I understand, of the job Boeing has done for the military, and of Boeing's involvement in space exploration. Is that right?

Yes. Service to the government has always been an important part of our destiny.

From this service flows advantages, not the least of which is that it keeps us reaching out to the borders of technology in the military and space fields. It is highly important that the products we develop be superior to those of our competitors in the world.

You have expressed an impatience with all the talk and emphasis in recent years on leisure time. Would you explain this?

I feel that man's objective should be opportunity for greater accomplishment and service rather than opportunity for more leisure.

In my view, the greatest pleasure life has to offer is the satisfaction that flows from accomplishing or participating in the accomplishment of a difficult and constructive undertaking.

We should all have leisure time and enjoy it. However, in my view, one of the principal attributes of leisure is that it enables you to develop an appreciation of the joy that hard work offers.

Leisure should not be life's great objective.

When you do find the time, how do you relax?

Spending time with my family and friends, golf, reading, listening to music—symphonic and popular—dancing, fishing, photography.

Isn't Mrs. Allen quite a good golfer?

One of the crosses I have to bear is that she consistently outdrives me.

Mr. Allen, a few years ago, the idea of a supersonic transport sounded like science fiction. Looking still further into the future, how will man be traveling?

Faster.

END

REPRINTS of "Lessons of Leadership: Part XXVII—Accelerating the Jet Age" may be obtained from *Nation's Business*, 1615 H St. N. W. Washington, D. C. 20006. Price: 1 to 49 copies, 30 cents each; 50 to 99, 25 cents each; 100 to 999, 15 cents each; 1,000 or more, 12 cents each. Please enclose remittance with order.

BUSINESS: A LOOK AHEAD

Insurance probe due

(Credit and Finance)

Keeping salesmen current

(Marketing)

Trade route opens

(Foreign trade)

AGRICULTURE

Trend toward containers, now sweeping transportation industry, offers big prospects for cutting costs in exporting farm products.

Shippers have rushed into container field, notes Philp L. Breakiron, head of transportation technology group, Agricultural Research Service, but few have gone into refrigerated containers.

Shipments from North Atlantic ports to Northern Europe by container, house-to-house or warehouse to warehouse, realize cost savings of 10 per cent.

But surface has only been scratched in moving fresh fruits, vegetables, poultry. "We think there is great potential here," says Mr. Breakiron.

Research is under way to develop container suitable for shipments with or without refrigerators, minimizing space taken up by refrigeration unit.

CONSTRUCTION

Gangway, hod carriers.

Here come the computers.

Yep, builders are using them to cut costs by analyzing construction processes and procedures.

Take CPM—critical path methods—analysis of essential job segments which must be scheduled in sequence, plus variables in allocation of manpower, material and financial resources.

U. S. Gypsum, for example, is developing ways to streamline process of gutting old structures and rebuilding inside as part of effort to facelift slums.

Dayton firm of consulting engineers, James R. Ahart & Associates, reports computerized scheduling has made possible completion of new school building just before fall-term opening, new department store in time for Christmas rush, new swimming pool just before weather got hot.

CREDIT & FINANCE

Congress is cranked up and rarin' to go on far-ranging probe of automobile insurance industry.

Here's how it started, how far it may go:

Senate Commerce Committee started considering plight of drivers insured by companies that went broke. This triggered complaints about some rate and cancellation practices.

Some appear unjustified, Congress feels. But most seem forced on companies by losses through claim payments.

Rather than consider these issues in a vacuum, Committee wants to judge them in entire context of automobile liability cost structure, including king-sized jury awards.

"We need a careful look at our entire tort liability system," comments staff expert.

Damage lawyers have long known that deck can be stacked against insurance companies. Out of sympathy, juries tend to feel that anyone injured is entitled to put the bite on the insurance company, regardless of who's at fault.

They tend to ignore contributory negligence by the injured party.

Meanwhile, most complaints from policyholders focus on cancellation policies of companies. At least one company, Allstate, has just taken a step toward meeting need for assured coverage—five-year renewal guarantee.

Next step, predicts Allstate, permanent policies.

FOREIGN TRADE

New link between Far East and Europe promises to reduce shipping time below that of routes using Suez Canal.

United Cargo Corp. has just started service between these two points, using rail link between Seattle and New York as "land bridge," cutting shipping time to 26-28 days instead of usual 40-day service via Suez.

Service was planned to begin this fall but was rushed into operation as result of Middle East crisis.

UCC, using 20-foot or 40-foot containers, inaugurated weekly service in June from Far East to Europe, plans service in reverse direction later.

MARKETING

Hard to keep sales force up-to-date on products in rapidly changing field?

Spec
259 E Chicago
Chicago, Ill
60611

Wash DC
RE 7-2931
Wash DC
Wash DC



Researchers see great potential for agricultural exports as trend toward container use spreads (see Agriculture).

Here's how Science Research Associates, IBM subsidiary in educational materials, does it.

SRA has expanded from publisher of tests and guidance materials into full-line publisher covering pre-school to college. Sales force rose from 100 to 223 last year alone.

Main problem: "How do you train such a large force of men and keep them informed so that they are truly educational experts?"

SRA spots videotape units in regional offices so "staff associates"—most have educational rather than sales backgrounds—can view presentations by topflight sales representatives, answer questions posed by customers.

It also provides recorders and taped presentations on trends in education and new SRA products for salesmen to listen to in their cars on trips between customers. And it's experimenting with mobile sales unit, a bus, equipped with product displays.

SRA calls its techniques "a new trend in selling." Says company spokesman:

"A handful of companies use each of them and more are joining the bandwagon."

NATURAL RESOURCES

Gas industry will nearly double its construction spending over the next 15 years.

Over 1965-75 period, American Gas Association reports, outlays will have risen from \$1.9 billion to \$2.2 billion a year. By 1980, industry expects to hit spending rate of \$2.4 billion.

In next decade, construction of underground mains and pipelines are expected to pass one million miles.

MANUFACTURING

There's one industry racing to keep pace with growth of the paperwork jungle.

It's office furniture and equipment, represented by thousands of manufacturers and ranging from simple chairs to copying machines and computers.

It's big business for suppliers, as indicated by just one commodity—steel.

Use has been increasing at rate of seven per cent a year.

For office furniture alone, industry sources report shipments of 820,000

tons of steel last year, compared to 490,000 tons in 1948.

Latest nationwide figures compiled by Census Bureau show office furniture shipments in 1965 as \$438 million for metal, \$116 million for wood, increases of 14 and 11 per cent respectively over 1964. Stationery and Office Equipment Association projections for 1967 are \$444.9 million for metal, \$128.5 for wood.

TRANSPORTATION

SST's are scared of CAT's.

Here's why.

Aviation experts stew over how to keep these airliners of the future from hitting bumps at supersonic speeds.

The bumps are officially known as clear air turbulence (CAT). It's a violent shift of air currents now connected with detectable storms or squalls. Its cause is unknown so it can't be forecast accurately.

With today's planes, CAT's are a severe nuisance causing bumps (and claims), extra aircraft inspection and maintenance. Costs run into uncoun- ted millions a year.

CAT is expected to prove far more serious for faster and higher-flying SST's; just how much, nobody knows.

Only real solution now seems sensing device aboard aircraft. Pan American jet now carries North American-built sensing device as data-collecting experiment.

Works like this:

Sensors measure infrared rays, emitted by heat spectrum of light, reflecting temperature variation patterns in air ahead. Marked variation between adjacent air masses or swift temperature changes can be translated into wind measurement as indicator of turbulence.

There's proposal for five-year study program, including national data collection project, by Defense, Space, Commerce and NASA. Officials expect project centered in Midwest, between Alleghenies and Rockies, since CAT seems to be associated with great mountain ranges.

**No photocopying
I've got a system-**



You can't beat the system:

headaches for me. -Coronastat.

**Crisp, clean, clear copies
every time...because
the machine, paper, supplies
and service
are specially designed
to work together.**

You wonder why nobody thought of it before.

A real copying system would deliver better copies.

So we developed Coronastat.® A hard-working, dependable copier. Plus paper specially balanced for the copier. And special supplies. And even a special kind of service. All working together.

The system eliminates trouble caused by offbrand supplies. Ends worries about outside suppliers, extra invoices and hidden charges.

Because you get everything you need from SCM, you can't run out of copying supplies. Or run up repair bills fixing breakdowns. And because our supplyman relies on an automatic inventory system, he's better equipped to give you better service.

With a Coronastat system in the office, all you have to do is take it easy. And take the credit.

Machine. Paper. Supplies. Service.
One balanced system, one source, one
invoice once a month. One answer for
every copying need. And crisp, clean,
clear copies every time.

Coronastat. Your SCM representative
will be happy to arrange a
demonstration. Why not call him today.



Coronastat



SCM CORPORATION
410 PARK AVENUE
NEW YORK, N.Y. 10022
OFFICES IN CANADA AND MAJOR CITIES
THROUGHOUT THE WORLD.

EXECUTIVES OUT TO PASTURE

Modern-day Samaritans spread American

Lizards were thick on the living room floor and mosquitoes even thicker in the dining room. Lattice-work hardly could be expected to keep out critters and insects.

Frogs leaped across the porch and occasionally a crab gingerly crawled up from the Pacific which raised and lowered itself gently just in front of the house.

This was home to Lawrence E. Barry and his wife in Corinto, Nicaragua, while carrying out the noble mission of making American business talent and knowledge freely available to people who needed help.

The Barrys' beach house was not far from the Corinto docks which were now getting Mr. Barry's full-time attention during his three months tour as an unsalaried seaport consultant.

The Barrys were at their home in Natchez, Miss., when the call came to put down the tools of the easy life—gardening, golf, close friends, reading, relaxing, house puttering—and go to Corinto.

Until then Mr. Barry, 67, thought that all his worlds were conquered, that he had only to keep his hand in a bit as Natchez port director, relax and rest out his days.

The call came from the International Executives Service Corps, a high-minded, voluntary organization which dips into the pool of American business talent until it finds the right retired executive, or expert, who will go abroad and help solve the problems of a foreign company which is in trouble.

The IESC is a kind of Peace Corps primarily for retired executives who have time, vast knowledge, business experience, talent, humani-

R. P. Scott ended the monotony of retirement in Lebanon as adviser for Robert Akl at a cement works.



FIND GREENER FIELDS

know-how to the far corners of the globe

tarianism, a feeling for patriotic service and who are anxious to spend their retirement years doing something productive.

The Corps is supported by private American business firms, the small fees paid by foreign companies for the services of IESC consultants and by the Agency for International Development.

Before accepting the assignment, Mr. Barry was told Corinto docks were inefficient, improperly laid out and improperly equipped. He was told that if he got them straightened out he would not only be helping Nicaraguans, he would also demonstrate what America and free enterprise can do.

Mr. Barry agreed to go to Corinto. In a few weeks, he had the docks operating efficiently.

Today, he and Mrs. Barry look back on Corinto—even to the wild-life and mildew—as one of the great moments of their long, full lives.

In Corinto they are fondly remembered.

They got so much satisfaction out of the work that Mr. Barry has since completed other IESC assignments in Bangkok and Colombia.

Not always austere

While the Barrys lived the rugged life in Central America, the great majority of IESC volunteers live in greater comfort.

In Iran, the Royal Teheran Hilton Hotel, perched in splendor on the crest of a Persian hill, has been home for so many Corpsmen in the past two years that it's called "The Dormitory."

It is a fleece-lined palace, lush with opulence.

In Lebanon, several IESC men working on projects there, and their wives, stay at the Phoenicia Hotel, on the one side looking over the Mediterranean and on the other over the rooftops of Beirut, capital of

the Arabic Levant. The Phoenicia is no Bedouin tent.

One elderly Corpsman dispatched to a project on Trinidad by Frank Pace, the former Secretary of the Army and president of General Dynamics Corp., who is IESC president, lived, for example, in Pan American Airways guest cottage. There he found inexpensive drinks, magnificent meals, lovely rooms, air-conditioning and good conversation nightly with other guests and airline crewmen who were passing through.

Before accepting the Trinidad assignment the executive said he had come to feel he was forced to play golf every day. "And when you get into that frame of mind, then golf is no longer fun."

After spending a few months on Trinidad, he said he never wanted to go home again.

IESC was put together three years ago on suggestions of Senators Vance Hartke of Indiana and Jacob Javits of New York, supplied with impetus by David Rockefeller, president of Chase Manhattan Bank and given day to day management by Mr. Pace.

It has now become that rare thing—a happy organization with a sense of mission.

Furthermore, the Corps is the unusual welding of efforts of free enterprise with government. The U. S. government is only a junior partner.

Of the 350-plus projects where IESC has sent men, only two or three turned sour. This batting av-

A quiet Friday—that's the weekly holiday in Moslem countries—is spent by M. D. Schlesinger, Sigfried S. Alper and Otto Berwind in Teheran. Their suites in the Hilton look over ancient Persian gardens and terraces.





"A Tale of Four Cities."

Your community can solve its problems

Your community, any forward-looking community, can solve its problems and move ahead. All it takes is bold, intelligent planning and action directed by business and professional men. For specific examples of what is meant by this, see the National Chamber's new motion picture film,

"A Tale of Four Cities."

This film is a documentary. Factual, straightforward.

It is a firsthand report by local leaders in four different cities on how they faced up to their local and area problems, found the answers—and advanced the progress of the community.

IN NASHVILLE, TENN., they combined the city and county governments, modernized the tax structure, set up a single police department for both the city and the county, and decentralized the fire department.

They extended sewer, water and other urban services to the rural areas, improved the schools, parks, libraries, airports—and made possible the development of new subdivisions and industrial and commercial sites.

IN INDIANAPOLIS, IND., they conducted a job referral and counseling program to help individuals in minority groups obtain jobs. This program, together with a Job Fair which was attended by more than 20,000 people, stepped up employment and cut relief rolls.

They conducted a program to give teen-agers a better understanding of, and a greater respect for, law and order. In cooperation with the police department, they set up a program called Operation Crime Alert which has paid off in the reduction of crime.

IN HARTFORD, CONN., they conducted a program to renew a downtown slum area. This program led to total involvement by business and professional men in manpower training, housing for low- and middle-income families, education improvement across the board—and to a practical knowledge of the fact that business management has much broader opportunities to be creative, constructive and effective in the solution of com-

munity problems than had previously been realized.

IN LOS ANGELES, CALIF., business and professional men initiated a program to control smog and air pollution. They worked with the local and state governments, and gave government officials full backing to put the program into effect and to make it successful.

Also, in Los Angeles, business and professional men launched a project to create job opportunities for some 25,000 unemployed. About half of these people were qualified to hold jobs, and the other half had to be trained in basic skills. Twenty-six hundred firms are now taking part in this project.

TO SEE, THINK ABOUT AND DISCUSS

"A Tale of Four Cities" is a film which leaders in your city will want to see, think about and discuss. Why not arrange for a showing. You can buy a print of this film for \$150, or rent a print for three days for \$30.

P.S.—with each print of "A Tale of Four Cities," the National Chamber provides a "Chairman's Action Packet," containing materials for use in promoting attendance, conducting the meeting at which the film is shown, and for use in follow-up after the showing.

CHAMBER OF COMMERCE OF THE
UNITED STATES/WASHINGTON, D.C. 20006

1967

() Please send me a print of the motion picture film,

"A Tale of Four Cities."

() I am buying this print at \$150.

() I am renting this film for 3 days for \$30.

Days wanted—First choice: from _____
to _____

Second choice from _____ to _____

() Check enclosed. () Send Bill.

Name _____ Title _____

Street Address _____

Firm or Organization _____

City, State & Zip Code _____

EXECUTIVES OUT TO PASTURE *continued*

erage is due partly to men like Joseph L. Rapmund and John D. Michel who are full-time representatives of the Corps in Middle Eastern countries. They are on-site men who contact foreign organizations needing help and match the executive's talent to the job that needs to be done.

Consultants have been sent to 41 countries.

Banking in Ghana

A few Corpsmen have been inadvertently sent into politically sticky situations, but they weathered well.

All IESC executives in Middle East countries came through the recent Israeli-Arab war unharmed. Two men assigned to Jiddah and Riyadh, Saudi Arabia, never even left their posts. Executives in other Arab countries were pulled out but will be sent back.

Everett O. Bivens, former president of Columbus (Ohio) Gas Co., went to Ghana last year soon after the egocentric dictator, Kwame Nkrumah, was overthrown by a military junta. His mission to advise Ghanaian banks was so successful that free enterprise was not only happily revived, but also Mr. Bivens received glowing tributes from the new Ghanaian leaders.

Another Corpsman in Thailand landed in a different kind of a situation earlier this year. Thai colleagues at the company where he was assigned asked if he would like to go "Thai girl hunting."

The American executive thought they had suggested "tiger hunting."

He leaped at the chance to hunt big game.

It wasn't until a collection of Thai girls were trotted by for his approval that he knew a mistake had been made.

William W. Gordon, 61, retired from a New York real estate company, helped design and build an industrial park and shopping complex in Guatemala.

Guatemalans he worked with estimated that after one month Mr. Gordon assured success for their project.

They put up about \$2,500 covering Mr. and Mrs. Gordon's transportation and \$41 a day per diem. For this, "We got at least \$100,000 worth of expert consultation," one director said.

For 27 years R. G. Bloom was an executive with Lukens Steel Co. He

retired several years ago and moved to Largo, Fla.

He felt great. He still wanted to work, to learn, to do things beside ride a rocking chair.

But, he was retired.

SOS from Beirut

Then came a distress call from Miguel Abizaid, general manager of a steel mill in Lebanon who, in financial desperation, had turned to an American banker in Beirut for funds and advice.

The banker told Mr. Abizaid about IESC as a source of expert help. The Corps suggested Mr. Bloom.

Mr. Abizaid is a Cornell graduate, and an urbane man who knows an expert when he sees one.

Mr. Bloom, now 71, has recently completed his three-months assignment and there hardly has been a happier IESC project.

"To know Mr. Bloom is exhilarating," Mr. Abizaid said. "He's an angel. What it cost to get him here to help me is nothing compared to what he has saved me."

"American businessmen are so much better than Europeans."

"Americans quickly fit in. They say 'we' must do this or that. Europeans say 'you' must do this or that."

"When Mr. Bloom came I did not even know how much it cost me to make steel. Now he has determined it all for me. I am expanding production and Mr. Bloom's advice and suggestions are valued beyond estimate."

The location of Mr. Abizaid's steel mill itself is inspiration. The plant sits atop a bluff on the shores of the Mediterranean. Around a headland to the south is the village of Byblos, the Phoenician city which indirectly gave the Bible its name. People have been working on the spot where Mr. Bloom worked since at least 5000 B.C.

Winning them over

Mr. Abizaid's satisfaction is a companion piece for the happiness Farouk K. Jabr found with another IESC executive, Sidney L. Buffington, 62, of Dark Harbor, Maine.

Mr. Jabr's spinning and weaving plant at Hadeth, near Beirut, was in need of many things—new equipment, ideas, expansion. Mr. Buffing-

Pat Chan models a paper dress in Singapore for Charles Hartig who, after retiring, went to the East to advise a paper firm. He and Mrs. Hartig spent the summer there.



ton had worked in Thailand, Costa Rica, Philippines, Turkey and Taiwan. He is an authority on spinning operations abroad.

When he first arrived at Mr. Jabr's plant there was obvious jealousy from Lebanese mechanics. They tried to show up Mr. Buffington by asking tricky questions and by being uncooperative.

But he had the right answers and obviously knew more about spinning and weaving than the Lebanese mechanics.

After three months the situation was reversed. Production had been increased 25 per cent without adding a cent of cost. Furthermore, production was heading still higher. An expansion plan was reviewed and perfected. New equipment was selected. Then came a 30 per cent saving in labor costs and a seven and one half per cent reduction in operating costs.

Otto Berwind of Pittsburgh retired from Sears Roebuck and Co. and took an IESC assignment in Panama where he was so well liked he was commonly called "Uncle Otto." Later he took an assignment in Teheran.

Robert Costley of Marietta, Ga., retired as regional manager for Gen-

eral Motors spare parts warehouse and then assisted automotive and spare parts firms in Honduras and Thailand.

Friends from abroad later visited him on his Georgia farm.

The Thai with whom Mr. Costley worked, and his wife, were visiting the Costleys when an invitation came from President Johnson to visit the White House for an IESC reception in May. The Thais went to Washington with the Costleys.

Not like Chicago

There can be all sorts of emotions and situations involved in an IESC assignment. More often than not affairs cannot be conducted as they are in the United States. Above all, Mr. Pace tells his departing executives, "Don't try to run the shop—just consult and advise. Don't harp on how things are done in Chicago. Remember, Honduras, Guatemala or the Middle East isn't Chicago."

Arthur H. Lerps of Eastchester, N. Y., learned these lessons well when he was in Costa Rica helping speed production and cut costs for a printing plant.

There he found a girl stitching handles on shopping bags. He knew, of course, of a \$5,000 American machine which would do the stitching faster and better. But he was too smart to recommend buying it.

The reason: The girl made \$400 a year.

It would take the company 15 or more years to save enough to pay for the machine and its installation.

Also, she was the sole support of elderly relatives.

An executive who went to the tin mines of Bolivia for consultation found far too many employees. They were falling all over each other.

Did he suggest layoffs?

No, there would have been serious repercussions—political and economic—if he had.

He managed to save elsewhere. The mine used 10,000 shovels a year, all imported from England. He suggested saving money by making the shovels locally using the labor of excess workers.

It worked.

John Kelly of New York, formerly an executive with Chase Manhattan Bank in Guatemala City, went to Bangkok to advise a small bank. To insure that no one would feel he was running the bank and become jealous, he made a point always to have a young Thai executive along when he spoke with bank employees.

The greatest flag-waver in IESC

history was Tobias P. Eirich of Waldport, Oregon, a veteran Schlitz brewery executive who went to the Bavarian Brewery in Colombia. He knew his job so well he soon had several problems licked.

Pride and patriotism

While in Colombia he noted that he had seen only three Colombian flags flying—on the jail, city hall and a government office building.

"Why should we fly flags?" he was asked.

"To build national pride," he answered.

"Well, go ahead and build some pride," he was told.

So Mr. Eirich put a Colombian flag on the brewery. He sent to the United States—closest place to get Colombian flags in large numbers—for 400 more flags and got them mounted on buildings all over the country.

The program was a great success. To this day Mr. Eirich may be as well remembered as the flier of flags as a brewery expert.

Three executives—Mr. Berwind, M. D. Schlesinger and Sigfried S. Alper—went to Teheran to help a new department store meet its September opening date. They had to climb steps, because escalators were not working; they had no desks; they scrambled over painters and worked "twice as hard as I have in 15 years," reports Mr. Schlesinger.

These three men know nearly everything there is to know about clothing production, store layout, merchandising, customer relations, buying.

But, they didn't know enough about interior decorating.

Mrs. Alper knew. She had gone along with her husband to take a breather from her New York interior decorating firm. She was no IESC executive but she went to work for the Iranians regardless.

Mr. Berwind and Mr. Schlesinger, both former Sears Roebuck executives, wrote home for manuals and store layouts and used them in planning the Teheran store. Mr. Alper, who was advising on dressmaking, wrote his son who was running his company back in New York, to send dress patterns.

When the Teheran store opens this autumn, it is likely to look something like Sears and the clothing like top grade American women's and girl's dresses.

Young exec's borrowed

Occasionally the Corps has borrowed a man from a company in the United States and sent him abroad

The Hartigs had a lovely house, pool and servants in Singapore. They also had enough free time for sightseeing.

PHOTO: TERENCE KNOX-FIL



EXECUTIVES OUT TO PASTURE *continued*

for a job for which he, and he alone, was particularly suited.

IESC feels that the Corps should be wide awake to the possibility of taking a man temporarily off the payroll of a large American company and putting him to work abroad.

"We do not want the man's chances for advancement back home hurt by this," says Charles H. Brown, IESC vice-president who is based at the New York headquarters.

"We would want the man to keep his place in the pecking order at home."

The Corps now has a roster of 3,000 executives who are interested in taking a foreign assignment. There will be 4,000 by the end of the year. About 75 per cent of all

assignments are made by selecting an executive from this roster. IESC "headhunters" locate the hard-to-find specialists.

IESC men will not be sent to just any company, country or governmental organization. The foreign organization must be able to take advantage of the expert help it will get; it must be of substance, importance or promise; it must be an organization which will contribute to free enterprise abroad.

Twenty full-time representatives—called country directors—are permanently based abroad. There are 36 nonpaid "headhunters" in the United States.

Executives have been dispatched to help companies involved in, among other things: advertising, apparel, appliances, aviation, banking,

cement, ceramics, chemicals, construction, development agencies, electrical equipment, vocational schools, foods, hotels, insurance, machinery, marketing, merchandising, metals, mining, motion pictures, packaging, paper, pharmaceuticals, plastics, public services, publishing, railroads, shipping, textiles and tourism.

Success of the Corps is one of the great compliments to American business. What finer thing can a foreigner say to American business than "Please send me one of your experts so he can get me out of trouble and show me how to run my own business in my own country"?

IESC has a success on its hands and plans to keep the good thing going. **END**

One of Executive Service Corps' successful assignments sent retired steelman R. G. Bloom, 71, of Largo, Fla., to Byblos, Lebanon. He and Miguel Abizaid, owner of a small mill which was in distress, worked out improvement plans and became warm friends. Mr. Bloom may return someday to check on recovery.



ARE THEY REALLY LEARNING THE ROPES?

Here's a way to test your training program to be sure you're getting your money's worth

To paraphrase an old advertising axiom: "I know that half of the money I spend to train people is wasted, but I don't know which half!"

If you suspect this may be true in your organization, here are a few examples of what other companies have done to solve the problem:

- For years a large paper company spent 18 to 24 months training each new packaging salesman. A closer look at what the men actually needed to know and the interests of the men themselves indicated that the training program could be greatly condensed.

Result: Salesmen now assume account responsibility within 90 days after starting to work. Customer reaction has been favorable.

- The production manager of an electronics plant eliminated a two-week program for new assembly workers altogether. He discovered that the increased speed in assembly that the new hires developed during the two weeks was of very short-run value. Three out of four assemblers moved on into other positions in the plant within six weeks.

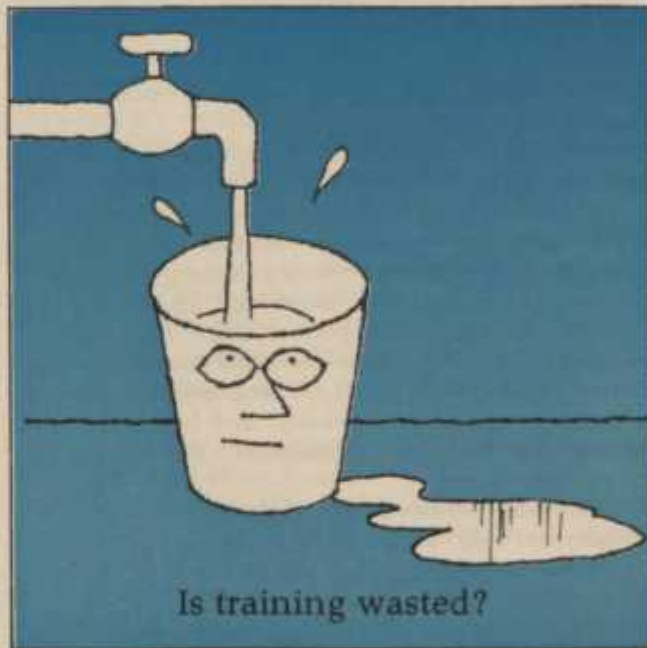
- The president of a small manufacturing company was spending a sizable sum of money annually to bring a widely scattered collection of salesmen and agents together to learn about new products. New product information is now converted into a programmed instruction package of tapes and slides and sent to the field to be learned by the salesmen at their own convenience and pace.

Result: Reduced cost of disseminating product information and increased sales because the sales force knows its products better.

Yardsticks to use

How can you assess the value of the training taking place in your organization? Here are five questions to

STEVEN C. BRANDT is vice president and general manager of Loen, Brandt Inc., Palo Alto, Calif. He is also on the M.B.A. faculty of Golden Gate College, San Francisco.



which you should get answers for each proposed and ongoing training meeting, manual, or program.

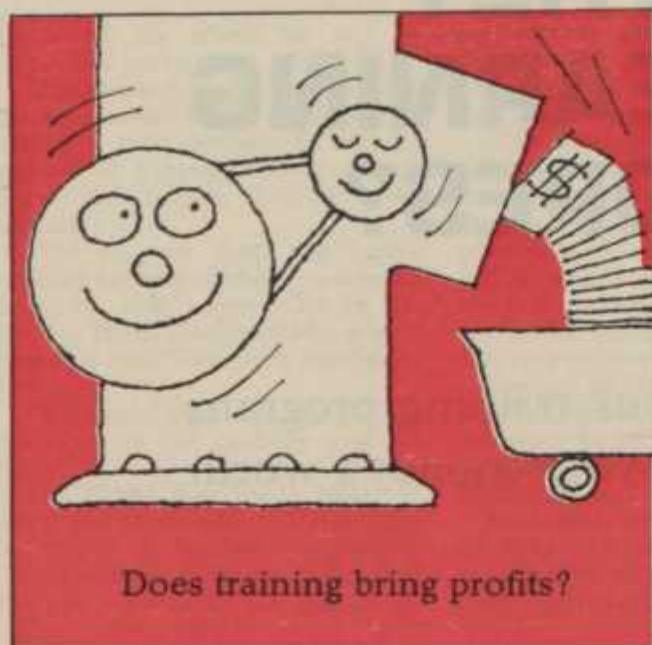
1. Are the learners expected to do something tangible as a result of the training they receive?

If not, why spend money for the training?

A large service company is currently bringing together groups of eight work-supervisors at a time for a two-week training course on supervisory problems, including human relations and manpower scheduling. Upon analysis, it is apparent that the supervisors will be able to do very little as a result of the training since they have no one reporting to them and are not involved directly in the scheduling process.

The real reason for the two-week program, it turns out, is to make the women feel important. The "training," then, was really entertainment.

2. Will what the learners are to do result in a profit contribution or cost savings in excess of the cost of the



DRAWINGS BY CHARLES A. DURN

training? If not, the investment in training is not economically justified.

Are there other valid criteria besides an economic one? No, not really. Even training investments aimed at broadening the individual, forestalling unionization or educating the community can and should be analyzed for their potential return at some point in time.

How can the results be measured? Here are a few examples of individual performances that can be measured. Judge for yourself whether measurable performances like these could be generated in your organization with proper training, and how much impact, if any, their accomplishment would have on your profit picture.

- Measurable performance—salesmen:
 - Make six "cold" calls a week, every week.
 - Describe the characteristics of product "X" to your 12 largest accounts.
 - Write a minimum of three proposals a week.
 - Fill out each order form completely.
 - Reduce your sales expenses by 10 per cent.
- Measurable performance—production supervisors:
 - Reduce waste from 11 per cent to six per cent by Jan. 1.
 - Complete two employee-performance reviews a month during the year.
 - Cut overtime by 20 per cent.
 - Have two qualified replacements before Nov. 1.
 - Reduce absenteeism to "Y" per cent in next quarter.
 - Submit a complete weekly report by the following Tuesday.
- Measurable performance—staff people:
 - Assist the line in reducing maintenance costs by 10 per cent by Sept. 1.
 - Obtain replacements for "Z" positions before Jan. 1.
 - Simplify your memos by getting each one on a single page.
 - Reduce your travel budget from 20 per cent to 12 per cent.

A dollar value can be placed on performances such as these. And quantifying the results expected of a training effort has a twofold benefit. First, how much, if anything, can be spent to achieve the result becomes apparent; second, the learners can be told—while they are learning—precisely how the new knowledge or skill is to be applied on the job by them.

3. Has the method of training being used been changed in the last four years?

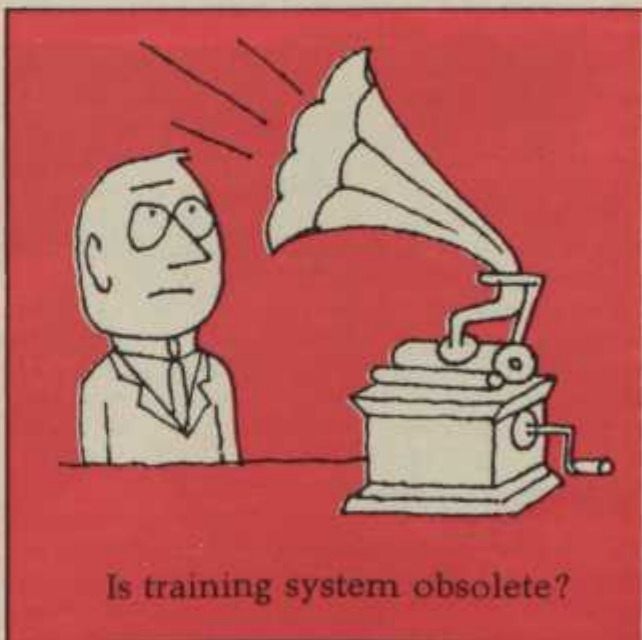
If the answer is "not much" or "no," chances are good that you are not taking advantage of significant advances in learning technology.

A West Coast electronics manufacturer spent six weeks training each new service engineer hired to support an expanding sales force. The training program included lectures by product managers and technical specialists; it cost around \$5,000 per man when living and traveling expenses were included.

Today simple tape and slide presentations and self-teaching, programed instruction are used in the program.

Result: More learning, faster and better retention, plus a \$2,000 savings in training costs per man.

Video tape, closed circuit TV and teaching ma-



chines are other examples of the new technology being applied successfully to business training needs.

4. Are the people conducting the training more concerned about the subject itself than the targeted results?

In response to a rising accident and quality rejection rate, the plant manager of a leading cannery asked his quality control department to put together a training program on safety and sanitation to be used with all employees. The finished product, an hour-long tape and slide program, dealt beautifully with various bacteria and their habitats and covered the virtues of safety in depth.

The plant accident and rejection rates did not de-

crease, however, despite the training and "think safety" signs everywhere.

Why? The learners (a grade school education was average) couldn't translate bacteria into on-the-job activities and 95 per cent of them felt they were already working safely.

What did safety really mean in this particular plant? Primarily three things the plant manager finally discovered:

Look down while you are walking.

Do not use a ladder alone.

Stay within the yellow lines while moving around the plant.

Training to produce results must be oriented to action which the learners can take; training is a means to an end.

5. Is training being confused with telling?

Telling or conveying information is necessary in an organization, but it is not training. Telling is typically needed during employee orientation and is characteristically practiced in new product releases, memos, speeches, manuals and most sales meetings. It is a one-way operation: Source to receiver.

Training, when effective, causes measurable, sought-after changes in individual performances. It is a two-way operation in that it requires specific feedback from the receiver.

Action to take

If the answer to one or more of the above questions points toward a weakness, what can you do about it? How can you challenge an expenditure of money that is supposed to produce long-term results, improved attitudes, greater understanding or some other hard-to-measure objective?

Do this: Differentiate in your own mind between training and telling and require that any expenditures for training pass the test of economic justification.

Then explore an economic justification like this:

- In writing, indicate the specific actions the learners are expected to take as a result of the training. These actions should normally be designated by the man-



agers who are responsible for those being trained.

- Decide what the expected actions are worth in dollars. For example, a training program to increase a certain supportive skill level may release hundreds of managerial man-hours for more profitable work. What are these man-hours worth?

A training effort aimed at improving performance reviews may cut turnover and, therefore, recruiting costs.

The dollar value of two more calls per day per salesman or a five per cent reduction in material waste should be determinable.

- Compare the costs of alternative ways of accomplishing the training. Perhaps self-teaching using external resources is best. Perhaps your own staff can be utilized.

Whatever the alternatives are, they should each be analyzed along these lines:

Costs of persons taking the training and costs of persons giving the training, including pay during training, travel and living expenses.

Costs of space, materials, and other expenses, including amortized cost of program preparation and equipment needed.

Total cost.

Alternative methods of accomplishing the training can then be compared on a total-cost basis.

- Compare the cost of training to the value of the expected results. At this point, whether to train or not becomes clear. And a decision made on this basis can weather the storm of budget contraction that frequently scuttles training activities.

Training is a means to an end. And if it is not economically justified, chances are good that your company can get along without it. **END**

REPRINTS of "Are They Really Learning the Ropes?" may be obtained from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 30 cents each; 50 to 99, 25 cents each; 100 to 999, 15 cents each; 1,000 or more, 12 cents each. Please enclose remittance with order.



**WHAT YOUR PEOPLE
SHOULD KNOW ABOUT
OUR BUSINESS SYSTEM**

HOW WE MEASURE OUR WEALTH

What is the total economic activity in the United States?

How do you measure it?

What is the nation's income this year?

How much is being spent?

What is it being spent for?

Is the economy growing?

What is the total of our wealth?

It is clear that such questions are important. Answers to them give knowledge. Knowledge means power—power to stem inflations, check recessions, strive for faster growth, or more wealth, or more jobs, or more credit to support enterprise, or less credit to check price rises.

Every businessman is familiar with financial statements of a business firm: The balance sheet and the income statement. The balance sheet is a set of accounts that shows the economic position of a business at a moment in time.

The balance sheet answers three questions:

1. What is the value of the assets (claims to wealth) owned by the firm?

2. What is the total value of the liabilities (bills and debts) that the firm owes to all others?

3. What is the residual share (assets minus liabilities) that is left to be claimed by the owners?

The income statement is an accounting of a firm's income and its costs over a period of time, usually a year. Such an accounting allows the firm to find out whether or not it is making a profit. It shows the sources of a company's receipts during a period, and how the receipts were allocated among the various costs of production. Included among the allocations, as a residual, are profits.

The national accounts system

In 1944, a conference of govern-



PHOTO: GEORGE TAYLOR

Although it's a familiar story to you, many of your employees don't appreciate how our competitive enterprise system works. This article is the fourth in a series based on "Understanding Economics," a new study course offered by the Chamber of Commerce of the United States.

Below, James S. Duesenberry, Arthur M. Okun and Chairman Gardner Ackley of the President's Council of Economic Advisers, who each year put out their own report with the latest measurements of the economy.



ment economists and statisticians met in Washington and decided to move toward a system of national accounts.

A giant national income and product account, a kind of national profit and loss statement, would show the nation's output and income in two separate accounts related to one another. It would also give some data on the kind of sales made—to consumers or business (i.e., consumption or investment) and on the way income was distributed (i.e., in the form of wages, profits, rent or interest).

The national income and product account would go along with a series of subsidiary accounts for broad sectors of the economy. The sectors chosen for the United States were:

1. Business enterprises.
2. Government (federal, state and local).
3. Persons (household).
4. Foreigners.

A "savings and investment" account accompanied the four sector accounts. Instead of a balance sheet approach, showing values of the nation's assets and liabilities at given dates, this account—a consolidated statement for all residents of the United States—gives changes in assets and liabilities occurring during a year.

The sectoral system of national income accounts was first published by the Department of Commerce in 1947. Data were given for every year back to 1929.

Now for a closer look at the national income and product (output) accounts.

How we cast our accounts

What are some of the simple relationships that allow us to construct double-entry national income accounts? First, we need a measur-

ing rod of all the diverse oranges, apples, cars, machines and houses produced. Money value gives this common yardstick.

Second, when goods are produced, so are incomes. National income is one side and national output is the other side of the double-entry account. Value of production equals income because the costs of business firms—for example, wages, rent, interest, and profit—are the income payments to workers, creditors, landlords, and stockholders (or their equivalents). As goods and services are produced, they generate incomes equal to the value of production.

So the national income or product, loosely defined, is the money value of the output of goods and services that flow through the economy during a year.

But it must take account of the capital goods used up in the production process. Business firms do this through allowances for depreciation. In economic accounting, the concept is called "capital consumption allowances."

GNP and NNP

The gross national product, or

GNP, is the money value of a year's output before capital consumption allowances are made. The net national product, or NNP, which is almost equivalent to the national income, is the money value of a year's output after allowance is made for capital consumption.

People spend their incomes on consumer goods and services. The Net National Product or NNP is simply all the consumer dollars spent for final goods produced. This spending measures value of output. To get consumer dollars spent, we may compute total spending directly, or we may take price times quantity for oranges, apples, cars, etc.

The cost to business of the output it produces is what it pays in wages, rent, interest and profit to the public. In other words, these costs of production buy the land, labor and capital used in final products that year. The business accountant counts profits as a return to the firm, but the economic accountant—looking at the whole economy—counts the firm's profit as a cost to the economy.

Income and output are measured in current prices. But we know that money is notoriously a rubber yardstick. NNP could rise from one year to the next solely because prices rose.

To deal with changes in prices, NNP must be corrected by use of a price index. An index of prices compares average prices one year with those in another. To do so, it must weigh various goods and services in the index according to their approximate importance in household and business budgets.

What your savings do

Of course, the public does not spend all its income on consumption. People save some income by not consuming it.

Other people or institutions use such savings for investment or capital formation.

The economic accountant, looking back on a period such as a year, finds that realized savings equal realized investment. Also, income equals consumption plus savings—the only ways that people can use their incomes.

From the viewpoint of the whole economy, income also equals consumption plus investment. That is, income is spent either by households for consumption or by business for investment.

Net investment, or capital forma-

tion, includes net additions to the stock of

1. Buildings.
2. Equipment.
3. Inventories.

How much of government spending is consumption, and how much is investment? The national income accountants decided, after much thought, to dodge this difficult question. They chose the simplest way to include government. They just counted what government spends on goods—typewriters, missiles, schools and what have you, and on services—salaries, consulting fees, and the like, without distinguishing between consumption and investment kinds of spending.

But a considerable amount of government spending is not for goods and services. Social security payments, veterans' benefit payments and welfare payments are not. They do not represent government spending to buy part of this year's output of goods and services. They are called "transfer payments" and are excluded from NNP and GNP.

NNP gives truer picture

Most press reports and public discussion of national income and output concentrate on GNP. One reason for this is that business depreciation figures are not available quarterly. This means that net national product (which equals GNP minus depreciation) cannot be calculated as soon as GNP. So, GNP changes always hit the news pages first.

But GNP overstates the nation's output, because depreciation (capital consumption) is not deducted. Hence, NNP, which measures net output, is a truer picture of the economy's performance.

However, those interested in output changes—economic forecasters, government officials, businessmen and scholars—still use GNP to make early estimates of those changes.

Usually, they can assume depreciation (capital consumption) to be fairly steady in short periods.

The GNP and NNP accounts are built up from income tax, census and other data by the Office of Business Economics of the Department of Commerce.

It is important to realize what these figures show and what they do not show.

The absolute size of GNP and NNP in itself is not very meaningful. We do not know with great as-

GRAPHIC VISUAL CONTROL



You Get Things Done Better And Faster

The BOARDMASTER saves time, cuts costs and prevents errors. You see what is happening. Shows facts at eye level. For Production, Scheduling, Inventory, Sales, Traffic, Etc.

Simple to operate. Write on cards, post on board. Fully flexible. Million in use. Price \$49.50 with cards.

FREE 24 Page BOOKLET No. T-10
Mailed Without Obligation

GRAPHIC SYSTEMS, Box 398, Yanceyville, N.C.

calculating machine

THE CURTA IS A PORTABLE CALCULATOR FOR ALL ARITHMETICAL OPERATIONS

A precision instrument that gives exact calculator performance and "set the sum" amount anywhere.

Model I price \$125.00. Model II \$105.00.

FREE! 94-page Mathematical Handbook

Contains tables, conversion factors, formulas for business, science and industry. For free booklet and literature write to Curta Company, P.O. Box 2814, Van Nuys, Calif., Dept. 88-B.



weighs
only 8 ozs.

CURTA COMPANY

insurance exactly how big our output is.

For one thing, rental income and certain other items are "imputed" and such imputations are estimates.

For another thing, some types of production are not included in GNP or NNP. Do-it-yourself output by family members in the home is not counted. This can be sizeable in items such as laundry and home repair. Housewives' contribution in the home—such as household management and child care—are not included. (One expert has estimated that a middle-income family housewife may have a capital value—the capitalized value of the sum of annual services rendered—of \$500,000.)

Where their value lies

The great usefulness of GNP and NNP figures is in giving the source, type and rate of changes in its components.

The GNP and NNP statistics provide much insight into which elements in the economy are changing and how fast. This is particularly the case when GNP and NNP data are used along with other economic indicators, such as new orders for durable goods, stock market prices, changes in the money supply.

The GNP and NNP figures reported in the press are usually given in current dollars. This requires some warning comment, because at times the "growth" in GNP or NNP are often reported as measures of "well-being." Of course, they are not. To find out if the U. S. economy has increased our chance to be better off as a nation, we have to compare the added output to our added population. If output per person rises, then we have created underlying conditions for improved well-being in the economic sense.

Whether we get the improvement, in turn, depends on how the added output is sliced up among us—how income is distributed. In addition, because of technical improvements, the products and services produced this year are often different—and better—than last year's. Finally, rising productivity and incomes give most of us an opportunity for more leisure; and leisure is not included in the GNP or NNP.

National income and product accounts tell us about certain very important results of the economy's performance. They tell us what kinds of quantities of output were produced. They tell us what incomes were earned in the production process. They show us some

\$1,500 to \$5,000 Personal Loans to Executives

Strictly Confidential

*

A nationwide Executive Loan Service designed for responsible executives as a convenient supplementary source of personal credit. No collateral, no endorsement, no embarrassing investigation. All details handled by mail from the privacy of your office. Monthly repayments up to 2 years if desired. References:

First National Bank of St. Paul
Northwestern National Bank of St. Paul
First National Bank of Minneapolis
Northwestern National Bank of Minneapolis

For full particulars write
MR. A. J. BRUDER, Vice Pres.

Industrial Credit Plan, Inc.

Hamm Building
St. Paul, Minnesota 55102



The Sign of men who know more about full-service truckleasing than anyone in the industry. One of them lives in your area.

Consult your NATIONLEASE man first... he is!

FREE! "LEXICON" and Visorfold Map Spotting 250 NATIONLEASE Servicemen.

RENT or LEASE a new CHEVROLET or other fine truck

A nationwide network of 250 locally owned facilities with national know-how.



Yellow Pages under "Truck Rental and Leasing"; White Pages under "National Lease"—or write:

NATIONAL
TRUCK LEASING SYSTEM

Serving principal cities of the United States and Canada
23 E. Jackson Blvd., Suite E-8, Chicago 60604

Now any office worker can do your bookkeeping

Any girl in your office can handle accounts receivable, accounts payable, inventory records and other accounting functions—and do them well, no matter how little bookkeeping experience she may have.

The McBee General Records Poster assures an accurate set of books. Procedures are straightforward—built-in controls protect you every step of the way. Related records are automatically in agreement, since they are simultaneously posted with one writing...an advantage that alone saves up to 75% in clerical time.

The McBee General Records Poster is the best possible solution to the needs of most small to medium-sized offices as well as larger, but decentralized, offices.

Make sure you know all the advantages of this proved way to bookkeeping efficiency. Send the coupon for complete information.



McBee General Records Poster

McBee Systems
A Division of Litton Industries
Practical Methods Center, Dept. 23-19-B
Athens, Ohio 45701

Gentlemen:
I am interested in knowing more about the McBee General Records Poster. Please send complete information.

Name _____ Title _____

Company _____

Street _____

City _____ State _____ Zip _____

McBEE

important interrelations between major components of national income and output.

But they exclude some activities and relationships we need to know about.

For example, in adding up each firm's contribution to national product, inter-firm transactions are excluded.

The input-output table

But an input-output table can tell us the inputs of each of a large number of industrial sectors against the outputs of each such sector on a from whom, to whom basis.

Industries appear in columns and in rows. Numbers in the table trace the myriad of purchases and sales relationships between industries. So, the table shows the effect on total output of a change in purchases or sales of any industry. And it shows the effect on various industries of changes in total national spending.

For example, if there is a rise in demand for cars, the increased output of the auto industry will generate increased demand for the outputs of supplier industries—steel (hence, cotton, synthetics, chemicals), tires (hence rubber, nylon, chemicals) and many others. An input-output table lets us trace such a complicated and intricate chain

reaction through the industrial structure.

Currently, the Department of Commerce has made available a 160-sector input-output table for 1958, fully integrated with national income and product accounts.

Flow-of-funds accounting

A different set of problems is posed by the need to analyze flows of payments and other financial changes in the money supply, bank borrowing, financial flows arising from stock issues and other kinds of transactions.

For this, we use flow-of-funds accounting, which makes statements about sources and uses of funds, classified by sectors. Quarterly flow-of-funds data are now published by the Federal Reserve.

Essentially a business firm's balance sheet shows what it owes and what it owns. The national balance sheet is a consolidated statement of assets and liabilities for all residents (households and institutions) of a country, with the government's wealth appearing as a residual "net worth."

Our foreign trade is analyzed by a "balance of payments" accounting system especially devised to deal with problems of foreign trade and finance.

For trade of most nations, trans-

actions are mainly between private traders. Yet because national currencies (and their international exchange rates) are involved, governments and their financial policies are often deeply concerned in how international payments machinery works. For this reason, there are often separate "balancing" transactions between governments.

The balance of payments statement shows net totals of U. S. residents' claims on foreigners vs. foreigners' claims on us.

Information lacking

Today, although the nation spends large amounts on various health, education and welfare measures, there is little information about the output of such programs—that is, the economic return which such programs yield. Government accounting tends to report results, not as output, but as dollar totals spent, or as numbers of people served, and the like.

What's more, the nation lacks an accounting system for evaluating the costs of social ills, such as crime, ill health, disease, pollution, social disorganization and the like. Experimental and scientific study of social accounting might make possible economies and improvements in such programs that would be of great value to the nation. **END**

Advertisers in this issue • August 1967

	Page
Airways Rent-A-Car	14
<i>M. J. Buckman Associates, Los Angeles</i>	
American Telephone & Telegraph Co. Planned Telephone Usage	1
<i>N. W. Ayer & Son, Inc., Philadelphia</i>	
Armco Steel Corp., Metal Products Div.	25
<i>Harvill, Inc., Pittsburgh</i>	
C. I. T. Corporation	21
<i>O. S. Tyson and Co., Inc., New York</i>	
Commercial Credit Corp.	60
<i>VanSled, Dugdale & Co., Inc., Baltimore</i>	
Curtis Company	80
<i>Eastman Advertising Agency, Van Nuys</i>	
Dixie Steel Buildings, Inc.	49
<i>Low & Stearns Advertising, Atlanta</i>	
Ebec Mfg. Co., The	22
<i>Meldrum and Fennith, Inc., Cleveland</i>	
Flying Tiger Line, The	9
<i>Colt Fisher Supco, Inc., Beverly Hills</i>	
Ford Tractor & Implement Operations (U.S.)	4th Cover
<i>Meldrum and Fennith, Inc., Cleveland</i>	
Freiden, Inc.	16
<i>Melroy, Aron & Lamen, Inc., San Francisco</i>	
Glens Falls Group, The	18
<i>Woodford, Voss & Hecker, Inc., Adams</i>	

	Page
Goodyear Tire & Rubber Co., The	26
<i>Tatham-Laird & Kadner, Inc., New York</i>	
Graphic Systems, Inc.	80
<i>Casualty Advertising Agency, Yonkersville</i>	
Industrial Credit Co.	81
<i>H. H. Miz Associates, Minneapolis</i>	
International Harvester Co. Farm Equipment Division	42, 43
<i>Foots, Cone & Belding, Chicago</i>	
Latham Time Recorder Co.	14
<i>George and Glover, Atlanta</i>	
Lyon Metal Products, Inc.	15
<i>Rabake, Meyer & Finn, Inc., Chicago</i>	
Melroe Systems A Division of Litter Industries, Inc.	81
<i>John Vossler Associates, Inc., New York</i>	
Minnesota Mining & Mfg. Co. Copying Products, Division	4, 5
<i>MacMann, John & Adams, Inc., St. Paul</i>	
National Truck Leasing System	81
<i>Stevens-Kirkland-Stebel, Inc., Chicago</i>	
New York Life Insurance Co.	6
<i>Complan Advertising, Inc., New York</i>	
Paillard, Inc., Hermes	11
<i>de Garmo, McCaffrey, Inc., New York</i>	

	Page
Pitney-Bowes, Inc.	17
<i>de Garmo, McCaffrey, Inc., New York</i>	
Ryder System, Inc.	3rd Cover
<i>Nentz & Hickok, Inc., Orlando</i>	
SCM Corporation	66, 67
<i>D'Arcy Advertising Co., New York</i>	
Southern Company, The	2nd Cover
<i>Liller Neal Battle & Lindsey, Inc., Atlanta</i>	
Transamerica Insurance Co.	12
<i>The Wynn Co., Inc., San Francisco</i>	

Regional Advertisements

Advertising Council, New York	13
American Electric Power Service Corp.	29
<i>Gardner Advertising Co., New York</i>	
American Trucking Associations, Inc.	13
<i>The Altman Co., Inc., Detroit</i>	
Delta Steel Buildings Co.	29
<i>Glens Advertising, Inc., Dallas</i>	
Kaar Electronics Corp. Marine & Land Communications Div.	74
<i>Ronaldi-Reynolds & Co., Montreal</i>	
Marine Midland Corp.	13
<i>Batten, Barton, Durstine & Osborn, Inc., New York</i>	

Business isn't really selling them

BY JEFFREY ST. JOHN

"Students aren't really anti-business," 22-year-old Michael Lawrence told his audience, "they just don't know what it is."

The remark raised a number of questions. Some of them were discussed at a recent New York seminar entitled, "Student-Industry Crisis," which was convened by the national student publication *Moderator*.

One conclusion to emerge from this conference, which this columnist attended, was that business is doing a poor job selling itself to students. As another panelist, 24-year-old Daniel Goldenson, remarked, this problem is made worse by the fact that "many colleges encourage an anti-business attitude." A conclusion set forth in last month's column.

Mr. Goldenson, a former Princeton student and now president of Resource Publications, and Mr. Lawrence are both very pro-business and acutely aware of the need for a strong and more positive selling approach to young people by business.

Yet they suggested that business is "missing the boat" in one vital area by the bias against hiring students for summer jobs. This is particularly ironic since the federal, state and city governments have bent over backwards in recent years to give summer jobs to students.

College placement directors Victor Lindquist, at Boston University, and Robert Betts, at Catholic University, Washington, D.C., both expressed to me the need for business in general to reexamine its refusal to hire students for summer jobs. Even though the positions must be temporary and the students return to the campus in the fall.

"How does business expect to expose students," Mr. Betts asked, "to the real world of business if it persists in a policy of no summer jobs. A summer

job is an excellent way for students to find out something of what makes business tick. Many of the students who come to me have grave misconceptions about business."

Michael Lawrence cited more than just summer jobs, however, as a place where business could improve its image. "I don't think we know it all, but we need guidance from business itself, and this is something we are just not getting. Instead, many business firms think that glowing job descriptions and slick brochures are selling a student. To hear some recruiters talk, some students get the impression that business is all one big game. Why are so many industries afraid to tell us both the good and bad sides?"

These students were affirming what I have already heard from college placement directors regarding the manner and methods used by business to sell and recruit students.

If the *Moderator* forum underscored one hunger by students, it was a desire for older people, including businessmen, to "lay it on the line" and not try to "put students on."

If business wants to reach students, it must begin working out the kinks in its entire public presentation and its stated reasons why business is the best career for a young person. Salary and/or fringe benefits are but a fraction of the selling job. Young people need to feel that entering business means that they are making a constructive contribution and that their individual job will have some meaning.

Michael Lawrence spelled it out:

"What really turned me on about business was not only when I realized business is what makes the world go round, but particularly when an executive with 15 years in business showed me how his own work had affected trends in the country in the last five years.

"The problem today," he concluded, "is that business has got a bad image and it can only be changed by a sophisticated and honest educational effort that will show that business has purpose, meaning and rewards other than material."



Mr. St. John is a journalist, a radio commentator and a consultant to the Research Institute of America on youth attitudes. His column appears regularly in NATION'S BUSINESS.

A SNOWBALL'S CHANCE

Last fall, the White House ordered a freeze on federal employment to cut payroll costs.

Since then, however, about 200,000 more people—from tax auditors to medicare clerks—have been hired. The cost—\$1.6 billion. Ironically, new employees are being added at about the same rate as before employment supposedly was fixed.

So it looks as if the employment freeze was really nothing more than a snow job.

Nation's Business • August 1967

MORE THAN 800,000 SUBSCRIBERS IN BUSINESS AND INDUSTRY



If we can't lease you the world's finest trucks, we'll lease you the world's finest mechanics.

New RPM service

RPM means Ryder Programmed Maintenance, a new service plan for people who own their own trucks. It will get you higher trade-in allowances, reduce your maintenance expense and keep your trucks running more of the time.

Look into an RPM contract. It will let you share the same high-volume efficiencies; the same

211 shops and almost 500 affiliated service stations; the same mechanical and managerial skills that keep more than 15,000 powerful Fords and other fine trucks on the road profitably for Ryder lease customers. For a booklet containing full details, write Ryder, Box 816, Miami, Florida 33133.

RYDER SYSTEM, INC.





Most rental yards and many Ford tractor dealers rent Ford tractors and equipment by the day, week, or month. See the Yellow Pages.

Tough job coming up. Wasn't it?

Got a tight schedule? Your solution: a fast-working Ford tractor-loader-backhoe! ■ Look at the work-speeding features of the tractor alone—3 ways to load and backfill faster, for example. There's smooth, fast clutchless reversing with either torque converter or full-range power-shift. Or, for fast cycling at minimum cost, a 4-speed manual-reversing transmission. Only Ford can match transmissions so closely to both your pocketbook and your job requirements. ■ Then team tractor and loader with a new Ford backhoe. Big lift and crowd cylinders are in-line-mounted to produce greater digging power. Owners report production boosted as much as 25 percent! ■ On-the-job time goes up, too, because service intervals are longer. 300 hours between oil changes. 600 hours from spark plugs. 1,200 hours from diesel fuel filters. ■ So, tame the next tough job with a Ford rig. 10, 13, 15 and 17 ft digging depths. 2,000 to 4,500 lb loader capacities. See your Ford tractor and equipment dealer soon. ■ Ford Tractor Division, 2500 East Maple Road, Birmingham, Michigan 48012.

